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UNIVERSITY OF ALBERTA

Knowing Efficiency: The Development and Operationalisation  
of Efficiency Auditing in Alberta

By

Vaughan S. Radcliffe



A thesis submitted to the Faculty of Graduate Studies and Research in partial  
fulfillment of the requirements for the degree of Doctor of Philosophy

IN

ACCOUNTING

FACULTY OF BUSINESS

Edmonton, Alberta  
Spring, 1995





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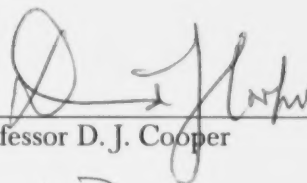
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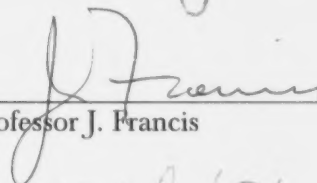
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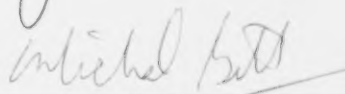
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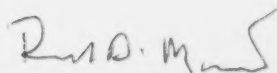
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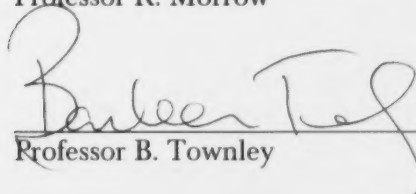
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EFFICIENCY AUDITING IN ALBERTA

ABSTRACT

Government auditors in a variety of jurisdictions now conduct efficiency audits. Despite its prevalence, researchers know little about this form of auditing. This research starts from two basic questions: first, how did auditing come to be about efficiency, and second, how do auditors report on efficiency in practice?

In addressing these questions Miller and Rose's (1990; Rose & Miller, 1992) conceptual framework is used to study links between wider political debates regarding efficiency, more detailed government programmes such as legislation, and the *eventual* operationalisation of these programmes through specific auditing technologies. The development of efficiency auditing in one jurisdiction is analysed to gain insight into how efficiency auditing arose. To understand how efficiency audits are conducted in practice, three efficiency audits were studied in the field. The paper presents an analysis of certain of the technologies that auditors use in reporting on efficiency.

Efficiency auditing is found to be strategic, in that auditors carefully studied the normative and social dynamics of their auditing environment, chose audit issues and approaches mindful of this environment, and purposively produced recommendations to encourage change. These audit reports present a contingent efficiency influenced both by financial and administrative concerns, and by discursive context.

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# I. Introduction

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## A. OVERVIEW

The presentation of auditing as an increasingly objective, scientised practice involves a pervasive language and approach. As this is produced and reproduced, it affects the way in which auditing activity is appreciated and understood (Francis, 1994; Power, 1991). Even though this language may gloss over substantive gaps between the language of technocracy and its implementation,<sup>1</sup> the way in which it represents auditing changes the way we think of practice. It was because of my own exposure to this discourse that I found great contrast between my beliefs of what I 'knew' auditing to be, and the auditing indicated in the following extract, taken from the first account of Canadian efficiency auditing that I recall reading. Consider this report regarding the work of the Office of the Auditor General of Canada at the time of the gulf war:

OTTAWA: Auditor General Kenneth Dye has painted pictures of a Defence Department unprepared for war, an Environment Department unready for ecological disaster and a government computer system vulnerable to attacks from hackers and terrorists.

In his final report, completing his ten year appointment as Auditor General, Mr. Dye praised the government for coming clean on its accounting, but he said he is still very critical of the value for money taxpayers get from government.

---

<sup>1</sup> As Lemon et al. note, GAAS and associated recommendations are less comprehensive than the language of standardisation suggests, "There are almost no specific auditing procedures required by the standards; and there are no specific requirements for auditors' decisions, such as determining sample size, selecting sample items from the population for testing, or evaluating results" (Lemon et al., 1993, p. 18).



He was particularly sharp in his criticism of the government's state of preparedness for war or disaster.

The Defence Department's medical services are more prepared to take care of cancer and heart patients than victims of burns resulting from wartime injuries, Mr. Dye said. "I don't think we're ready for conflict, especially on the medical side," he told a news conference after his report was tabled in Parliament. (Freeman, 1990, p. A1)

Other news stories drawn from the same audit report indicated that waste was poured into Canada's northern rivers (York, 1990b), that refugee administration was both inefficient and ignored established procedure (Fraser, 1990), that the Canadian tax system was compromised by inadequate scrutiny of returns (Fagan, 1990), and that turf-battles between Canada Customs and the RCMP hindered the capture of drug traffickers (York, 1990a).

These stories offer quite a departure from a seemingly sanitised world in which auditors offer opinions based on financial statements held to be prepared by corporate management (CICA, 1991; Gibbins, 1992). It was this contrast, the discordance between an apparently standardised attest auditing and the rather catholic work of the Office of the Auditor General of Canada, that first spurred my interest in government auditing. On first sight, it is far from apparent why an auditor, qualified as a chartered accountant, should be reporting on such diverse matters as Canada's military preparedness or the operations of Canada Customs and the RCMP at Mirabel and Pearson airports. Yet that is what the Auditor General of Canada is seen to do here.

This discordance between the technocratic rationality of modern attest auditing and the kind of work that is conducted by various Auditors General in Canada is not just a curio. It raises significant questions regarding the expansion of accountants' professional jurisdiction as auditors into apparently wide areas of government administration (Abbott, 1988). It suggests that an array of professional networks and other constituencies supported this expansion (Radcliffe et al., 1994) and provided the conditions by which this expanded jurisdiction could be legitimised. There are questions, then, of the way in which auditing evolved to include the kind of inquiries reported above. There are further issues of how auditors might actually investigate such matters—what

kind of audit approach, procedure or knowledge could be used to allow such work to be conducted. I examine these issues in this dissertation through analysis of the development and operationalisation of efficiency auditing in one jurisdiction.

The development of research is in many ways a personal experience; this is certainly true in this case. I use the work of Michel Foucault in this dissertation. One of the arguments that Foucault repeatedly makes regarding the circulation of power through knowledge, is that it is important to question the taken for granted, and to make the 'obvious' seem strange (Foucault, 1972; Foucault, 1977a).<sup>2</sup> My own experiences as an English student, recently moved to Canada, were a significant influence in establishing the idea of efficiency auditing as a strange and novel concept. Without the specific normative background which other Canadian residents gain through prolonged exposure to local discourse, I found efficiency auditing immediately surprising in ways that I suspect I would not have if I had been born in this country, or had lived here longer. Whereas in the UK, the Comptroller and Auditor General would rarely be publicly heard of, (even though the work of that office was quite similar) in Canada the Auditor General seemed to have a substantial public profile, with pages of press coverage following each annual report. This divergence between my own normative background and the local guides which produced public attentiveness to government auditing, provided an opening that allowed my initial interest to develop. In a sense, this work was first driven by a form of ethnography that is forced upon all immigrants who have, by virtue of their displacement, a daily task of understanding the world around them. Just as ethnographers become their own primary research instrument in a study of culture, so the total immersion of immigration brings a juxtaposition of culture, norms and ideas that can highlight surprising dissonances. I used elements of these experiences in establishing the grounds for my research.

In the remainder of this introductory section, I argue that the prior literature regarding the history and operationalisation of government auditing does not explain the historical development of the kind of work seen above, nor does it

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<sup>2</sup> For elaboration, see Chapter 2.

indicate how auditors' mandates to investigate efficiency and other matters are interpreted. I provide an account of how I first addressed government auditing issues, and how my concerns with the history and operationalisation of government auditing mandates developed. I describe and motivate the two research questions that I address in this dissertation, and indicate how I approached them. I close with an overview of the remainder of this dissertation.

Before introducing this work more fully, I would note that this introduction is attentive to the personal history of learning and discovery that the conduct of this work involved. I do this partly because of my own experiences of the processes of research, and because this provides a more accurate presentation of the research process (see Hammond, 1967). As Bellah comments of sociological work,

The usual textbook notion of social research is that one forms a hypothesis and then proceeds to gather data to confirm or negate it. In many instances, this may be a tolerably accurate description; but, at least in the field of comparative and historical sociology, the researcher often finds himself with an abundance of data, and the problem is how to make sense of it. (Bellah, 1967, pp. 183–184)

Aside from logistical questions regarding how one might make sense of the world, there has been an increasing scepticism of more formal, 'scientific' presentation of work, and of the representational consequences of such description (Latour, 1987; Latour & Bastide, 1986). The kind of rationalised presentation that dominates social (and other) sciences has consequences for the ways in which the world is understood, the kinds of inquiry which are seen as valid, and the types of knowledge that accumulate as 'the literature.' The use of history and fieldwork is itself in some ways a resistance to a positivistic quest for transcendent truths (Denzin & Lincoln, 1994, p. 4). As a consequence, there has been significant consideration of how such writing should be constructed (e.g. Van Maanen, 1988). At this stage, then, I present a personal history of the development of this work, and move to a more formal style in later chapters. I develop this initial history with an awareness of, and sensitivity to, the performative nature of language (Ayer, 1963; Rose & Miller, 1992) and explore

the implications of socially accepted representations of the world, and the way in which these representations can come to govern practice. Later, I return to more formal presentation with consciousness of the norms of formal documents such as this dissertation.

## B. CURIOSITY: TWO QUESTIONS

### 1. Initial Interest and Approach

My interest in efficiency auditing was driven by curiosity, and an interest in better understanding practice. Because of this, my first attempts to educate myself about government auditing involved analysis of the history of the kind of formal auditing guidance referred to above. I wanted to understand how it was that such reports had come to be a part of auditing. It rapidly became apparent that a number of countries had developed forms of efficiency auditing.<sup>3</sup> Early investigation showed that while Canada was among the first countries to adopt efficiency auditing, in 1977, this was accompanied by reforms in a variety of jurisdictions, including Australia, New Zealand, Sweden and the United Kingdom (Glynn, 1985). While there had been no comparable recent U.S. legislation, the General Accounting Office (GAO) has, since the 1970s, developed its own reviews of efficiency and effectiveness (called 'program results reviews'), effectively re-interpreting its mandate so as to include efficiency auditing (General Accounting Office, 1972; General Accounting Office, 1978; Glynn, 1987).<sup>4</sup> These reforms continued to be a

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<sup>3</sup> See discussion below regarding the various terms used to describe this branch of auditing practice.

<sup>4</sup> These reviews appears to be the result of a late re-interpretation of the Budget and Accounting Act, 1921, which created the office of Comptroller General, and allowed him/her to "prescribe the forms, systems and procedure for administrative appropriation and fund accounting in the several departments and establishments" (Budget and Accounting Act, 1921, s.309, quoted in Normanton, (1966, p. 203).) While the Act focused primarily on financial accounting matters, it did allow the Comptroller General to "make recommendations looking to greater economy or efficiency in public expenditures," and to report as to the "adequacy and effectiveness" of internal audit (Normanton, 1966, p. 203).



focus of interest in the GAO, indeed, GASB research into the operationalisation of efficiency auditing (Hatry et al., 1990) has been admired by those calling for government 'reinvention' (Osborne & Gaebler, 1992).

Despite this activity, there had been comparatively little research. My referents in understanding accounting were drawn from the 'new' accounting research, a body of work concerned to attend to the social character of accounting theory and practice (Morgan & Willmott, 1993). Examination of this work indicated that accounting and auditing knowledge had increasingly been invoked in government as part of a wider pattern of interest in management and accountability initiatives. It seemed that politicians, administrators and others have increasingly invoked accountancy, in applications as diverse as the use of management accounting and financial control (Cochrane, 1993) or the inculcation of market discipline modeled purportedly on that of the private sector (Ezzamel & Willmott, 1993).

Though government auditing has largely been neglected (Broadbent & Guthrie, 1992), there has been work that focuses on more general relations between accounting and government. Government has been heavily involved in the development of accounting standard setting (Robson, 1991), the regulation of the accounting profession, (Burchell et al., 1980; Puxty et al., 1987), the

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Normanton's account suggests that the parallel creation of the Bureau of the Budget was more significant in terms of effecting change, reforming administration and establishing centralised agencies for government purchasing, administration, and other matters (Normanton, 1966).

In later legislation, the Government Corporation Control Act, 1945 allowed the General Accounting Office to scrutinise public corporations, such as the Tennessee Valley Administration and others created to manage public works programs in the 1930s. The Act inspired the initial use of the term 'comprehensive auditing,' and the hiring of the first certified public accountants by the GAO (Normanton, 1966, pp. 311). However, these developments were understood more in terms of applying basic financial control and audit techniques, in emulation of the attest audits of the private sector (Normanton, 1966, p. 316). Mosher (1984) provides a fuller review of the history of the General Accounting Office.

development of company law (Jones, 1981; Murphy, 1988) and recent regulation of accountancy practice related to financial services and fraud (Radcliffe et al., 1994). Governments have even promoted certain accounting techniques for the efficient allocation of capital as being valuable for the management of industry and for the economy (Miller, 1991). But though there has been initial work on some of these issues in 'critical' accounting research, government auditing, and the practices which are involved in this, have yet to be considered and explored in detail (Broadbent & Guthrie, 1992; Humphrey et al., 1993). It seems that there has yet to be full consideration of either the development or operationalisation of efficiency auditing.

Nevertheless, some investigation of efficiency auditing has been undertaken. McSweeney and Sherer offer an analysis of what they term the 'theory' of value for money auditing in British government, which they understand to be represented in audit manuals, documents and practitioner assumptions (McSweeney & Sherer, 1990, p. 298). They argue that organisational objectives are often vague, ambiguous and subject to change, especially in a political setting. They further suggest that the assumptions on which value for money auditing is based cannot cope with the 'political,' and practitioners of value for money auditing try to minimise its influence. McSweeney and Sherer indicate that a mandate to audit the economy, efficiency and effectiveness of a local authority presumes both that auditors can know what the consequences of existing arrangements are, and that they are able to predict the consequences of alternate organisation. McSweeney and Sherer suggest that these issues are especially compounded in the case of efficiency mandates, in that "an assessment of efficiency requires knowledge, not simply of an acceptable relationship between inputs and outputs, but of an optimum one" (1990, p. 305). As this excerpt suggests, McSweeney and Sherer's work is itself predicated on practitioner acceptance of ideas of the technocratic evaluation of efficiency, calculations of optimality and other formal quantification, and critically analyses value for money auditing in these terms. Ultimately, McSweeney and Sherer question the efficacy of these more formal approaches, and criticize auditors for having adopted them.

Work in Australia has questioned the role of Auditors General, and suggests a rather malleable relationship between efficiency auditing mandates and practice (Guthrie & Parker, 1991). Parker and Guthrie (1991) argue that the performance auditing mandate of the Australian Auditor General, although it did not formally allow for effectiveness auditing, had effectively been re-interpreted by auditors themselves, with the effect that effectiveness auditing was in fact conducted, with questionable legal authority. Other work addresses more general public sector developments (Parker & Guthrie, forthcoming). Overall, Broadbent and Guthrie argue that the rather nascent literature on performance auditing suggests that audit practices and organisational and institutional arrangements are subject to shifts over time, and that the meaning of individual audit technologies are situationally specific to time, culture, place and other context (Broadbent & Guthrie, 1992, pp. 13-14).<sup>5</sup>

A lack of prior literature with broadly similar interests, however, does not mean that this work is without antecedents. All authors bring their own baggage of alternately systematic and random exposures to ideas to any project. My previous involvement in broadly historical, documentary work, conducted with the aid of some interviews to provide guidance through archival material (cf. Radcliffe, 1989; Radcliffe et al., 1994), first led me to a historical examination of the development of efficiency auditing mandates within Canada. It became clear that a wave of government auditing reform swept Canada in the 1970s and early 1980s, as federal and provincial auditing mandates were revised to incorporate authority for auditors to audit government operations and form an opinion as to whether they were approached with due regard to economy, efficiency and effectiveness. Early exploration of this project suggested that there was considerably more to this than could be understood through an analysis of the legal wording of mandates, or of parliamentary debates regarding the form of legislation (Radcliffe, 1992).

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<sup>5</sup> In work concerned with the topic of government auditing in general, Funnell (1994) provides analysis of the independence of Auditors General, and suggests that in the nineteenth century audit was understood as an executive function. Funnell then traces the discursive development of the idea of audit independence.



It was entirely possible to locate the broader history of the development of efficiency auditing, with discussion of legislation, dates of enactment, etc. But this approach paid little attention to the specific social conditions that allowed such discussions to take place. In other words, there was a prior question of how auditing came to be about efficiency, of how this link was forged.

In the next sections I describe the questions that I eventually settled on as the basis for the research enquiries reported here. I state and explain two questions, regarding the history and operationalisation of efficiency auditing, and provide a rationale for each, together with an outline of how I addressed these questions in practice. Before doing this I would however point to issues of terminology in government auditing. The branch of auditing that I examine in this thesis has been known by a wide variety of names (a variety that itself suggests the nascency of this practice). Performance auditing, comprehensive auditing (The Canadian Comprehensive Auditing Foundation, 1985), value for money auditing (PSAAC, 1988) and efficiency auditing have all been used. Parker and Guthrie, in their detailed examination of the Australian Auditor General's reporting make further distinctions between branches of the fairly common mandate to audit for 'economy, efficiency and effectiveness,' suggesting further divides (Parker & Guthrie, 1991). My own approach, after some consideration, has been to use the term efficiency auditing.

I do this for a number of reasons. In the debates that I have examined regarding the development of efficiency auditing, efficiency is clearly at the centre, amongst politicians, administrators, auditors and others, with the terms economy and effectiveness being used considerably less frequently, and usually in a subsidiary role. In addition, it seems that to auditors in the field these terms command comparatively little attention. As I observed auditors talking about their mandate I found efficiency was the most frequently used term. But 'efficiency,' together with economy and effectiveness was less an analytically coherent category, and more one that was established on a case by case basis, as auditors worked in the field. Early in my fieldwork, an auditor explained to me how members of the Office of the Auditor General of Alberta (my research site) had first attended to their new auditing mandate. At the outset of their audits, the auditors had met with senior civil servants and explained that they would

conduct efficiency audits. The result was that the civil servants wanted definitions, standards, criteria and other formal guides as to what efficiency was—requests that the auditors were unable to fulfill. In later years auditors instead latched on to one element of the wording of their mandate, which authorised them to audit *systems* designed to measure the economy and efficiency of government operations (Auditor General Act, 1977, c56, s. 19.2.d). Rather than terming their work ‘efficiency’ auditing, the term ‘systems auditing’ was used—with the result that no further challenges were made to the legitimacy of this audit work. Efficiency auditing was contentious while systems auditing (understood by auditors to be the same practice, renamed) was not.

On one level the obfuscatory effects of this terminology are entertaining; but at another they do indicate certain dimensions of the audit practices that I witnessed. Ideas of efficiency, economy, etc., rather than being entirely rationalisable, were effectively produced in tandem through auditing activity. They were not formally stated, in many ways precisely because auditors themselves understood such formal definition as being fraught with problems. I elaborate on these matters in later work, but for now I point to my use of the phrase efficiency auditing as being a useful term to identify this broad stream of audit inquiry, and one which is used with consciousness of the ways in which the meaning of such terms is effectively worked through in practice.

## 2. Question One: History

### *a. How did auditing come to involve efficiency?*

It is important to understand the ways in which people come to align concepts and make them compatible, providing an intellectual basis for reforms in practice. The question then, is of how the idea of auditing became linked with the idea of an active pursuit of efficiency. I phrase this interest more succinctly as “How did auditing come to involve efficiency.”

Questions such as this are influenced by certain intellectual frameworks. Burchell et al.’s exploration of certain transformations in accounting procedure (Burchell et al., 1985; Burchell et al., 1980) provides a key starting point. To them, it was important to investigate the ways in which new roles were created

for accounting within organisations and societies. Such developments were interpreted as the outcome of particular sets of associations, accomplished through discourse, between accounting techniques and elements of their specific context (Robson, 1993, p. 47; Thompson, 1987, p. 524). Expressed more simply, Burchell et al were concerned with the ways in which ideas and practices changed over time. It was based on the view that to understand changing roles for accountancy, it was important to attend to the normative framework that supported these changing roles. Ideas, then, were important in providing the conditions that allowed change. This focus was joined with an attention to bodies of knowledge, economic and administrative processes, systems of norms and measurement and classification techniques (Burchell et al., 1985, p. 400). Interest centred on the intellectual machinery which allowed fresh associations of accounting knowledge and practice, and hence new roles for accounting.<sup>6</sup>

This attention to context was heightened by my exposure to Miller and Rose's work in governmentality (Miller & Rose, 1990; Rose & Miller, 1992). Starting from an interest in the mechanics of modern government, Miller and Rose presented an analysis of the development of the kind of formally rational, bureaucratic administration on which modern government has increasingly come to rely (Sayer, 1991; Weber, 1970). They also indicated the importance of an assembly of ideas and practices, but introduced a different categorisation more closely tied to government. In place of Burchell et al.'s broader concepts of arenas, i.e. social fields through which an event passes, Miller and Rose suggested that, in the case of government, these social fields could be understood in terms of a number of levels, starting with emergent political *rationalities* which involved a first questioning of ideas and practices, then following through with greater exposition and detail in establishing a *programme*, such as legislation, to frame future action, and then culminating in the detail of specific *technologies* by which the programme might be enacted. In

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<sup>6</sup> At this point I provide an overview of some of the theoretical work that I use here, with particular emphasis on the ideas that influenced my research questions. Further elaboration of these ideas is provided later in this dissertation.

Miller and Rose's terms, an interest in how auditing came to involve efficiency fits most with an analysis of political rationalities and programmes. Although elements of this association remained for elaboration in the technologies of daily life, most of the key associations of ideas and practices that made more general programmes possible were made at an earlier point.

It was with this in mind that I began to address how auditing came to be about efficiency. More specific theoretical background is provided later, in a detailed review, but for the moment I point to the rich and complex context that Burchell *et al.*, and Miller and Rose suggest as a focus of analysis in understanding movements in accounting and auditing knowledge and practice. The confluence of ideas and practices, from general to highly particular levels, becomes the central focus. In terms of efficiency auditing, an understanding of how auditing came to be about efficiency should attend both to the specifics of auditing knowledge, and to the wider normative environment which fostered an interest in the development of 'efficiency' as a part of auditors' expertise.

My early investigations of how auditing came to be about efficiency centred on texts. Given the volume of professional pronouncements, reports and other documentation now generated by the accounting profession, archival research seemed to provide the most immediate way of educating myself in this area. I developed an analysis of audit reform throughout Canada, tracking the exact wording of auditing mandates, and classifying these according to the types of investigations that they allowed. This was combined with a detailed examination of the development of efficiency auditing legislation in Alberta, with review of the record of legislative debate, and analysis of the arguments for and against this measure (Radcliffe, 1992). A number of avenues of inquiry seemed available. It seemed possible to study events in a number of Canadian jurisdictions, perhaps a number of provinces, or at the level of the Federal Government of Canada. But, in light of the theoretical material discussed above, I believed that the best approach to understand the ways in which an auditing for efficiency became not only possible, but desirable, was to conduct a detailed examination of events in one jurisdiction. The result was the present study of events in Alberta, which, although it was based on my initial interest and inquiries, soon rapidly diverged from the kinds of 'official' texts recorded in



legislative debates. It became apparent, in both a theoretical and a logistical sense, that to understand the context in which such arguments were made, it was important to address the wider social and political climate of the province, and to uncover the dynamics by which efficiency auditing surfaced to become a political issue. I turned to primary sources, including news accounts, political platforms of the day, and political speeches, to map the broader frameworks within which efficiency auditing was understood. Over time, I combined these accounts with knowledge of events in other jurisdictions, since in interviews with politicians, civil servants and others involved in these debates, it became clear that ideas regarding auditing reforms flowed from one jurisdiction to another in the 1970s. This interview material guided me through archival material, as I tracked broader political debates and their coming together with specific projects for auditing reform.

This research involved significant development of local history, and an attendance to local circumstance. In this sense the work was an attempt to better understand what had happened on my own doorstep, in ways that seem comparatively rare in academic work (Clarke, 1994), which often seems to be an abstract concern, divorced from academics' own lives. Of course much of the apparent gap is rather contrived, a part of a desire to present research as a scientific and controlled process (Latour & Bastide, 1986). But beyond this the gap between academic research and practice may simply be there because of an inadequate attention to, and interest in, understanding the world. This research is driven by a curiosity regarding how auditing and efficiency were combined, and how practice changed as a result. It is motivated by an interest in understanding events, rather than by an attempt to plug perceived gaps in academic literature.

### 3. Question Two: Operationalisation

#### *a. How are efficiency audits operationalised?*

Beyond establishing the historical background and combinations that allowed efficiency auditing to enter into law, there was a further basic question to be asked. Having investigated the 'history of the present,' and how auditing came

to involve efficiency, it seemed unclear how efficiency audits were operationalised. This was a question that first occurred to me on reading the news report cited earlier.<sup>7</sup> Applying the idea of efficiency to the diverse subjects covered in the Auditor General's report seemed to be a remarkably challenging prospect. I wanted to understand how this was done. I found that although much energy was expended in debates regarding the establishment of efficiency auditing mandates, there was little public consideration of how efficiency could actually be categorised and operationalised by auditors in the field.

This was a potentially difficult problem; although efficiency was effectively held to be a part of auditors' competence, it was far from clear how efficiency could effectively be judged in practice. Legislation itself provided scant guidance; for example, the mandate of the Auditor General of Canada simply stated that the Auditor General would report those cases in which "money has been expended without due regard to economy and efficiency" (Auditor General Act, 1977, s.2(d)). Unsurprisingly, elaboration of what would or would not constitute efficiency was simply not given in the legislation.

Given frequent images of auditing as a standardised, routinised practice, my first investigations concerned professional standards and other formal guidance. These investigations are reported in a later chapter, but they demonstrated that there were very large gaps in the standards. As one of the key professional statements made plain, legislative auditors' authority to conduct value for money audits was set out in legislation which provided "only general direction about objectives and scope. In such cases, auditors must establish the audit objectives and scope for particular value for money audits" (PSAAC, 1990, para. .07). Questions of what would and would not constitute 'efficiency' were effectively left to the auditors. Further analysis of an auditing manual, used by the Office of the Auditor General of Alberta (1991), similarly indicated that there were large gaps in formally documented professional knowledge of this area.

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<sup>7</sup>My interest in the areas was later encouraged by my supervisor, as my dissertation research developed.



With these gaps in mind I began to explore the possibility of studying efficiency audits as they were conducted. Chance, initial contacts with senior members of the Office of the Auditor General followed my presentation of earlier work concerning this project at an academic conference (Radcliffe, 1992). Negotiations regarding research access followed with the involvement of my supervisor, and I was eventually allowed to follow three audits as they were conducted in the field. I use my observations of these audits to analyse the specific technologies (Miller & Rose, 1990; Rose & Miller, 1992) and procedures by which auditors fulfill their mandates to audit for efficiency.

The investigation of the operationalisation of efficiency auditing has potential consequences for at least two areas. First, the idea of auditing itself as a technocratic, routine activity, an idea that has been fostered by a flow of professional guidance, standards, etc., is questioned. In at least one area, efficiency auditing, it seemed that auditing did not follow routine patterns, and was not the subject of comprehensive standards. As a result, the objectives, scope and procedures by which efficiency audits might be conducted were left to be worked out in the field. This undermines the systematised, technocratic image of auditing that has increasingly been planted amongst practitioners, academics, and the public at large. Of course, well publicised audit failures in which auditors inappropriately attest to the financial statements of an entity, similarly detract from this image of auditing,<sup>8</sup> as does a nascent literature which critically examines the functions and roles of audit activity (e.g. Power, 1994a). But beyond this, the case of efficiency auditing provides an opportunity to uncover the kinds of guides that auditors look to in the absence of formally established standards. It presents a window on the development of forms of auditing knowledge and practice.

The idea and practice of auditing can, in a sense, be better understood through an examination of efficiency auditing, and the guides that auditors

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<sup>8</sup>Consider, for example, McKee's (1994) detailed account of the audit approach which led to Jim Bakker's fraudulent Praise the Lord organisation receiving clean audit opinions prior to its collapse, or the role of auditors in the United States' savings and loan crisis (Merino & Kenny, 1994).

turn to in such engagements. But there is another side to this investigation, concerning the effects of the investigations, judgments and categorisations that auditors themselves develop in examining efficiency. Academic research of many kinds uses particular views of what efficiency is, whether it be informational efficiency in stock markets, organisational efficiency through the design of principal/agent relationships, or allocative efficiency in terms of certain societal norms like Pareto efficiency. Like auditing, efficiency is often seen as a rather trouble-free concept. Efficiency is presented as a rationalisable, calculable notion, which can be mapped out, recognised and discussed with comparative ease. Yet the diverse approaches and techniques that lay claim to efficiency suggest that efficiency is a rather malleable concept. As Hopwood asks,

Just what is efficiency? At best it is a concept that can be subject to a wide variety of interpretations. Although it is possible to change the world in the name of efficiency, there are very real problems in relating the generality of the concept to the specific operational procedures, let alone their specific consequences in organizations, that can flow from its articulation and use. Of course that is a very positive factor in political discourse. (Hopwood, 1988a, p.6).

Accountancy has frequently been called on as government has been problematised in terms of efficiency. As Hopwood comments, linking ideas of efficiency to activities in the world may be a rather difficult process, as is suggested by the diversity of audit reports that it produces. Mapping out efficiency in such diverse domains as refugee administration, military preparedness, the protection of Canada's rivers or cooperation between the RCMP and Customs seems to be a problematic process, especially given the comparative lack of formal guidance in these areas.

Efficiency auditing effectively presents an empirical window into understanding how accountants and others conceptualise and use ideas of efficiency in the field. Academics together with other groups may have their own particular ideas of what is or is not efficient. But in the case of efficiency auditing, a group of auditing practitioners is mandated by law to investigate

efficiency over the whole range of government activity. In examining how they operationalise their mandates, it is possible to examine how efficiency may itself be constructed through their inquiries and reports.

Original empirical materials are presented in analysing the development of efficiency auditing in Alberta. In conducting my research I established contact with politicians, civil servants, auditors and others involved in the development of legislation. These former government officials assisted my research inquiries through granting interviews, providing access to private papers, and helping to secure further research access, including the participation of the Office of the Auditor General, and the Alberta Justice Department's release of legal drafting papers concerning the development of the Auditor General Act. In addition, I pursued archival research, examining published material regarding elements of the social and political history of the province of Alberta (and of Canada). My archival work also involved detailed examination of primary accounts, including news stories, political platforms, speeches etc., with reference to specialised collections in the Provincial Archives of Alberta, the library of the Legislative Assembly of Alberta, and others.

From my initial examination of auditing guidance, it became clear that the idea of efficiency seemed remarkably resistant to standardisation, a resistance which standard setters and auditors themselves appreciated. My interest, then, was to understand how auditors made sense of their mandate, and to address the ways in which they constructed views of what was or was not efficient. Ultimately, this is a somewhat subversive project, in that auditor's ideas of what efficiency is, and of how it might be recognised, themselves present a counterpoint to other views of efficiency as a thoroughly modern, rationalisable concept. The work of the auditors is a challenge to such views. The question becomes one of the social construction of efficiency—and of course, once this takes hold, much of the attractions of efficiency as an apparently mechanical bench-marking begin to fall away.

In examining efficiency auditing I turned to the field, and more specifically ethnography, as a means of uncovering how efficiency audits were conducted. My use of ethnography was driven both by logistical and theoretical considerations. Logistically, it had become clear that there were large gaps in the

documentary sources that were available. In any event, these sources, such as regulatory guides, the reports of professional committees, etc., were themselves drawn up for rather different purposes than my own. While I wanted to understand how efficiency audits were operationalised, these guides often presumed a shared practitioner knowledge, specific to that set of accountants already conducting efficiency audit work. The task became one of breaking into this knowledge, and overcoming the gaps that seemed evident in existing written accounts.

Besides this interest in the logistics of accessing practitioner knowledge, I was also concerned with an analysis of the links between ideas and practices suggested in prior accounting research (Burchell et al., 1985; Burchell et al., 1980), which itself drew on the work of Michel Foucault. I develop my analysis of this work further in establishing the theoretical background to my work, but essentially the idea of the influence of particular sets of associations, accomplished through discourse, between accounting practices and elements of their normative context (Robson, 1993, p. 47; Thompson, 1987, p. 524) suggested a keen attentiveness to accounting practices and the normative frameworks by which they were understood. The specific practices, or technologies (Miller & Rose, 1990; Rose & Miller, 1992), which enabled auditing work to be conducted, seemed central to an understanding of the mechanics of the operationalisation of efficiency auditing. In the absence of detailed written accounts, it seemed that an investigation of such mechanics required direct access to practitioner knowledge.

Practices had themselves become the subject of theoretical debate, as academics tested their understanding of the role of technologies, and were increasingly concerned to theorise their operation (Hoskin, 1994). My own consideration of prior research suggested that Miller and Rose's work highlighted the importance of technologies, and provided some analysis and description of potential technologies in the field (Miller & Rose, 1990, p. 8), but did not offer a guide as to how technologies might actually be studied. Rather than attempt to create a new theory of practices, as Hoskin suggests, my own approach was to revisit aspects of Foucault's work, which had influenced elements of prior analysis of accounting and auditing (see Burchell et al., 1985;



Burchell et al., 1980; Miller & Napier, 1993; Miller & Rose, 1990; Robson, 1993; Rose & Miller, 1992). I paid particular attention to Foucault's interest in links between ideas and practices, which reinforced calls for a focus on the discursive frameworks by which auditors made sense of their auditing mandates and the specific technologies which they employed to enable efficiency auditing to take place. In this sense, I began to pursue links between ideas and practices in a similar manner to prior accounting research (Burchell et al., 1985; Burchell et al., 1980; Robson, 1993), although with a more specific focus on the mechanics of auditing techniques.

Ethnography seemed ideally suited to uncovering auditors' discursive understandings of their work, and the way in which they operationalised efficiency audits. Observation in the field seemed to offer more immediate access to, and knowledge of, the kinds of investigations that auditors conducted, and to the discursive frameworks by which they made sense of auditing inquiry. The practice of ethnography, with its attentiveness to actors' meanings and to organisational culture, seemed to allow the kinds of detailed insights that were needed to map out the operation of technologies.

Over time, however, my ethnographic research presented what seemed at first to be further problems. Having addressed theoretical issues regarding the operation of technologies in the field, I found, to my surprise, that the kind of detailed technologies, that I had first envisaged (such as formal procedures, checklists, etc.), either did not exist, or were routinely ignored. Miller and Rose suggest the examination of modes of calculation, notation and computation, along with a variety of other standardised procedures (Miller & Rose, 1990, p. 8). I found, however, that audits were understood by practitioners themselves to be rather unstandardised, as were the specifics of auditing procedure; for example, files of working papers, which I studied carefully, were barely similar between audits. Auditors had a general language regarding their work, which, under close questioning by a researcher, could be made considerably more formal and 'rational,' but this induced formality seemed largely to be a product of my own initial questions. By contrast, my observations suggested that in their daily work auditors worked by reference to more general, diffuse standards. It became clear over time that they had their own systems of ideas

and practices, it was just that they were not as routinised as I had come to expect through my awareness of contemporary images of what auditing should be (cf. Francis, 1994). I return to these developments in concluding the dissertation.

### C. OVERVIEW OF THIS DISSERTATION

I now provide an overview of the chapters that comprise this dissertation, indicating the purpose and content of each. I link these formally written chapters to my own understanding of what they achieve.

#### 1. Chapter II: Understanding Government Auditing

In chapter II I start by addressing prior work concerned with accounting change, and the development of new roles for accounting. I follow this review with consideration of Miller and Rose's work (1990; Rose & Miller, 1992) on governmentality. I turn to this work because of its attention to the mechanics of government, and the specific means by which modern government administration operates. My view is that the historical development of efficiency auditing may be understood by reference to Miller and Rose's categories of *political rationalities*, *political programmes* and *technologies*. I link Miller and Rose's work to Foucault's examination of governmentality (Foucault, 1978a), and examine current debates concerning the best theoretical means for understanding detailed technologies for intervention, such as the procedures that shape efficiency auditing (Hoskin, 1994). I review prior Foucauldian influenced work in accounting research and argue that instead of developing a new theory of technologies, it may be possible to apply Foucault's work regarding the influence of ideas and practices to the detailed level of the operation of technologies. I later use this work to provide a theoretical frame for my later ethnographic analysis of the operationalisation of efficiency auditing.

#### 2. Chapter III: Rationalities and Programmes: A Reformed Auditing in Alberta



In this chapter I develop my response to my first research question, "how did auditing come to involve efficiency." I use the idea of the deployment, detailed in chapter II, to examine the ideas and practices that combined to allow the development of a revised auditing mandate in the Province of Alberta. My theoretical perspective suggests that links between wider flows of ideas and social events need to be understood in terms of their ramifications for more detailed, seemingly local discussions, such as those regarding efficiency auditing (Burchell et al., 1985; Robson, 1991; Thompson, 1987). Because of this, I examine the context of wider social and political developments, so as to understand specific developments regarding accounting and auditing knowledge in terms of the context that fostered these developments.

My analysis addresses the political context of Alberta in the 1960s and 1970s, and establishes the political attractions of efficiency auditing in terms of then current discourse (Burchell et al., 1985; Radcliffe et al., 1994). I establish two key dimensions of political discourse, centering on the claims of political parties to be managerially competent and to be representative of the times (referred to in the text as 'contemporaneity'). I turn to Federal events, and address the role of Federal political programmes in framing a more detailed exposition of efficiency auditing in Alberta. I analyse the mechanics of reform, and examine the role of expertise in developing the eventual auditing mandate.

### 3. Chapter IV: A Developing Technology

In this chapter I begin developing my response to the second research question, "how are efficiency audits operationalised." Mindful of the apparent importance of accounting standards and other professional guidance, I started by reviewing professional guidance concerning the conduct of efficiency audits. My analysis revealed substantial gaps in this knowledge—gaps that are acknowledged in the standards themselves. In addition to the rather general nature of extant guidance, I argue that the standards themselves rely on the detailed practitioner knowledge developed amongst that set of auditors engaged in efficiency audits. The task becomes one of developing a fuller view of the

operationalisation of efficiency audits than is possible by reference to professional guidance, and of breaking into the detailed practitioner knowledge that efficiency auditors seem to have developed amongst themselves. My suggestion at this point is that fieldwork seems to offer the best means of accomplishing this.

#### 4. Chapter V: Ethnography and Efficiency Auditing

In Chapter V I address the question of how technologies might be investigated in the field. Earlier discussion suggested that prior literature regarding changing roles for accounting and auditing had offered little guide as to how technologies might best be addressed. Because of this, I had argued that efficiency auditing might be investigated by analysis of the ideas and practices which underlay its conduct. In this chapter I argue that in the absence of written accounts of these ideas and practices, field observation offers a practical response. I review prior work regarding ethnography, and argue that this form of analysis is appropriate since it places actors' meanings and practices at the centre of analysis.

I address issues of the status of ethnographic inquiry, largely because of my own concerns regarding these issues at the outset of research. On the one hand, it is tempting to argue that ethnography offers a way of really understanding the world in ways that cannot otherwise be achieved. Alternatively, actors' accounts may be interpreted simply as stories, with little to distinguish between them. I map out the claims of realism and relativism because of my concerns with these issues, and develop a view, after Hammersley (1992) of the importance of reflexivity in ethnographic research, a position that Hammersley (1992) terms subtle realism. In the remainder of the chapter I address issues of the mechanics of ethnographic research, addressing issues such as research access, field observation, note-taking and analysis. Both in considering and conducting field research, I found that the issues were important, in that research perspective and approach could clearly alter eventual findings. Conducting field research heightened my awareness of these issues. I discuss them both in general terms, and as I addressed them in practice

### 5. Chapter VI: Mapping Out Three Audits

At this point I turn to the results of my fieldwork. I map out elements of the three efficiency audits that I followed. While I present this in a less abstracted, and hopefully more accessible format, this discussion is of course influenced by my theoretical interest in actors' ideas and practices, and the consequences of these for the operationalisation of efficiency auditing. I develop a view of the three audits, termed, after practitioner usage, the MIS audit, physicians' audit and subsidies audit. I start with auditors' initial concerns regarding each of these audits and elaborate aspects of their approach to their efficiency mandates. I address the enabling influences of auditors' practitioner knowledge regarding efficiency audits. Auditors' strategic approach to their work, outlined in the chapter, is understood as having an effect of placing potentially difficult and uncertain issues within the auditors' professional jurisdiction (Abbott, 1988), thereby serving important social functions in terms of legitimating their work both to themselves and to others. I address links between the discourse surrounding attest auditing work, and the exportation of this language and discourse to efficiency auditing work, arguing that this more general use of the language of auditing is itself performative, positioning efficiency work as auditing, rather than as a discrete mode of inquiry. I develop my understanding of auditors' awareness of wider social contexts, and their use of this awareness as an audit technology enabling them to frame their inquiries.

### 6. Chapter VII: Knowing Efficiency in the Field

In this chapter I provide a more theoretically driven account, addressing the roles of discourse and practice in the operationalisation of efficiency auditing. (Jönsson & Macintosh, 1994) I was surprised at the nature of the technologies on which auditors seemed to rely in conducting their work. The technologies on which auditors based their work were dependent on quite loosely specified bodies of knowledge and practice. Though loosely specified, these ideas and practices were themselves enabling, allowing auditors to work with common

meaning. My findings suggest that though these dimensions are not as closely delineated as the more mechanical technologies frequently alluded to in Miller and Rose's work (for example, specific modes of calculation, computation and inscription) (Miller & Rose, 1990; Rose & Miller, 1992) they are nevertheless technological in that they provide the means by which this work is conducted. In this way, the 'technological' could be a more loosely specified set of procedures, agreed upon knowledge or norms.

I map out practitioner knowledge and practice along a number of analytical dimensions, strategic auditing, knowledge of business and accountability, interpreting auditors' conceptions of these terms and the ways in which they shaped auditing practice. In developing this analysis I focus on the MIS audit, which since it involved most audit work, produced most field observation. I introduce material from other audits to provide contrast and clarification. I argue that the cumulative effect of auditors' approach to efficiency auditing was that their reports developed around a socially contingent view of efficiency, which was driven by a range of organisational, social, and accounting concerns. My findings suggest that the operationalisation of efficiency auditing has significant effects on the kind of efficiency that is represented in auditors' reports, and that rather than a more conventional view of efficiency involving optimisation (McSweeney & Sherer, 1990), the result is a *relativisation* of efficiency.

## 7. Chapter VIII: Conclusions

In the final chapter of this thesis I follow convention in summarising my response to the two research questions, "how did auditing come to involve efficiency" and "how are efficiency audits operationalised." I review this project, suggesting limitations of my approach, and make suggestions for future research inquiries into this field.

## II. Ideas and Practices: Theoretical Starting Points

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### A. INTRODUCTION

In the last fifteen years there has been an increasing focus on the history of accounting, encouraged in part by a growing interest in accounting practice. Attention has been paid to the circumstances surrounding the emergence and development of accounting practices, often with the aim of uncovering relations between accounting and society (Burchell et al., 1985; Burchell et al., 1980; Hopwood, 1988b). In what has been termed the 'new accounting history' (Miller et al., 1991) researchers have analysed social influences, sometimes known as contextual factors, on the development of accounting techniques such as value added accounting (Burchell et al., 1985), cost accounting (Loft, 1986) book keeping (Hoskin & Macve, 1986), inflation accounting (Robson, 1993), and budgeting systems (Preston et al., 1992).<sup>1</sup>

Analysis of relations between accounting and the social world can help in understanding how accounting and auditing practices are developed, and it can help in providing a more detailed understanding of the processes involved in the interaction between accounting and the social. Researchers have come to consider how ideas, often pre-existing, are taken up and given specific shape (Burchell et al., 1985; Hoskin & Macve, 1986). Burchell et al. stated the research problem succinctly, in arguing that the relationship of accounting, auditing and the social world had tended to be stated and presumed, rather than explicitly described and analysed by reference to practice (Burchell et al., 1985, p. 382). As explained in introducing this dissertation, my work addresses

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<sup>1</sup> Much of this research was stimulated by Tinker' et al.'s (1982) work in tracing what they argued were the normative origins of positive accounting theory.



practice seriously, through recourse both to archival sources and to ethnographic fieldwork.

I start by examining work which promoted interest in studying the historical development of accounting practices with an awareness of social context. I attend to work which seeks to link wider ideas regarding accounting, together with more general normative context, to the development of specific accounting practices. I turn to Michel Foucault's original studies, which have heavily influenced such examples of the 'new accounting research' (Morgan & Willmott, 1993), and provide an outline of certain of his theoretical interests. I link these broader interests with Foucault's (1978a) work on governmentality, and Miller and Rose's (1990; Rose & Miller, 1992) recent elaboration of these themes. I outline Miller and Rose's concerns, and argue that while the 'new' accounting literature has addressed the development of technologies, their operationalisation has only lately been considered. While there has been suggestion that Foucault's work is inadequate to deal with the operationalisation of practices, I suggest that this is perhaps more a limitation of accounting interpretations of Foucault's work, than of Foucault's work itself.

### 1. The New Accounting Research and the Development of Practices

The development of different branches of research present problems of classification. While some write of 'alternative' accounting research (Broadbent & Guthrie, 1992), others refer to the 'new accounting history' (Miller et al., 1991), 'critical' or 'radical' accounting (Chua, 1986; Moore, 1991), or the 'new accounting research' (Morgan & Willmott, 1993). While each bring different nuances, I prefer the latter term, new accounting research, because of its generality. As Morgan and Willmott suggest, the new accounting research has broadly been concerned to be "self-consciously attentive to the social character of accounting theory and practice." It has involved a questioning of the consequences of accounting, and a scepticism of the roles of accounting in society (Burchell et al., 1980). Calls for an accounting to improve corporate governance, to establish the 'facts' of costs, to link corporations with capital markets and enable the state's orchestration of both private and public

enterprises have all been predicated on a view of accounting as a largely calculative, objective, and socially neutral activity. Such calls involve a view of accounting as a means to an end, a way of taking moral objectives and turning them into activities and facts (Miller & O'Leary, 1993, p. 189).

The new accounting research problematised and placed at the centre of its concerns the presentation of accounting as an objective practice. One of the key means of destabilising this claimed objectivity, and undermining technocratic representations of accounting, has been an analysis of the social and historical constitution of specific branches of accounting practice. One such analysis, presented by Burchell et al. (1985), provides significant insight into certain of the conceptual and theoretical concerns that developed as part of an attention to accounting change. Significantly, Burchell et al. describe their work as a genealogy, informed by Michel Foucault's theoretical analysis,

Notions of efficiency and participation did not exist as a pair of pre-given, disembodied categories [...] Nor did the debates and discussions concerning them simply consist of a series of words and statements, lacking any historical or contextual specification save that of the dates between which they occurred. In our discussion of the three arenas we have attempted to outline a three branched genealogy (Foucault, 1977b) of the specific social space within which value added appeared and developed. As a consequence of tracing this genealogy, the space which the value added event occupied is seen to be comprised of a very particular field of relations which existed between certain institutions, economic and administrative processes, bodies of knowledge, systems of norms and measurement, and classification techniques. We have called such a field an accounting constellation. [...]

It is this idea of an accounting constellation, along with the processes of its formation, modification and dissolution which now appears as our prime object of interest (Burchell et al., 1985, pp. 399-401).

To Burchell et al., the conditions of accounting change were objects in themselves, to be studied as part of efforts to understand relations between accounting, organisations and society. Their work presents a powerful and early statement of these concerns, concerns which have been addressed in an ongoing stream of research (Morgan & Willmott, 1993). As a prime example of

Foucauldian influenced research in accounting, Burchell et al.'s work is important in locating the potential contributions of a concern with accounting development and change, and in indicating the theoretical potential of Foucault's work in accounting. Their writing was broadly contemporaneous with other work, similarly influenced by post modern or post-structuralist inquiry (Sarup, 1989), which questioned the rhetorical structures of research and practice (Arrington & Francis, 1989; Boland, 1989), re-interpreted the history of accounting (Miller & O'Leary, 1987), and further elaborated processes of accounting change (Robson, 1991).

My initial motivation is to understand events in accounting change, and the development of reformed areas of accounting practice. Yet while Burchell et al. attend to 'accounting' issues, I attend to auditing, an area largely neglected by the new accounting research (Morgan & Willmott, 1993).<sup>2</sup> An interest in the operationalisation of efficiency auditing is another divergence, partly influenced by theory, since the focus of most prior Foucauldian influenced research has been discourse, or sets of statements regarding accountancy, rather than an analysis of the actual *operation* of accountancy in the field (cf. Burchell et al., 1985; Miller & O'Leary, 1987). The prevalence of documentary or other analysis of discourse regarding accounting, rather than an analysis of activities, may well be influenced by the difficulty and costs of empirical investigations of accountancy in the field. In an increasingly productivist academic environment, 'managed by the numbers,' publication volume is of pressing importance in efforts to satisfy career pressures (Morgan & Willmott, 1993, p. 6).

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<sup>2</sup> The new accounting research has tended to examine the development of various accounting techniques such as cost accounting (Loft, 1986), or certain financial accounting standards (Robson, 1993). Of course, the fact remains that auditing is a substantial business for publicly practicing accountants, and the two bodies of knowledge are heavily interrelated. The divide between accounting and auditing is neither natural nor essential, and it should not be overstated. A collapsing of auditing and accounting into one category in this dissertation might stress relations within accounting practice, but it might also gloss over important particularities, and lead to confusion, especially given the often strict discursive delineation that has been made between accounting and auditing.

Miller and Rose's work on governmentality (1990; Rose & Miller, 1992) provides a framework for my analysis of auditing issues. Their work draws from Foucault (e.g. 1978a), with a similar heritage in accounting research to Burchell et al. (Burchell et al., 1985; Burchell et al., 1980) and others (Hopwood, 1987; Hopwood, 1988a; Hoskin & Macve, 1988; Miller et al., 1991; Miller & O'Leary, 1987; Radcliffe, 1993; Radcliffe et al., 1994; Robson, 1991). Like this other, related work, Miller and Rose address questions of the mechanics of accounting change. While their focus on issues of governmentality entails a concentration on the administration of modern government, their concern with the 'micro-physics,' that is, the detailed operation of power, is quite similar to that of other Foucauldian influenced analysis in the accounting literature. Nevertheless, they do introduce distinctive terminology and theorisation in arguing for analysis of political rationalities, programmes and technologies. Their work holds out the prospect of a closer linkage between discourse regarding accountancy, and the detailed practices that this discourse represents and allows.

Miller and Rose (1990; Rose & Miller, 1992) follow up Foucault's earlier work on governmentality (1978a), and are more generally influenced by his writing. They attend to linkages between normative concerns and subsequent administrative measures. They analyse a series of levels in government practice and focus on linkages between each. They provide structure to these issues through examining *political rationalities* (such as concerns with efficiency) their elaboration as *political programmes* (in Acts, regulations, etc.) and their eventual translation into *technologies* (such as audit procedures).<sup>3</sup> The next section provides an elaboration of these concerns, and of the more general interest in discourse that Foucauldian influenced accounting involves.

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<sup>3</sup> Miller and Rose are influenced by the new accounting history's interest in practices. I use their work here to analyse an example of accounting practices invoked by government. A review of work concerning the more general practices of government can be found in Gordon (1991).

## 2. Governmentality: Levels of Analysis

### *a. Political Rationalities and Programmes*

One of the recurring features of political debate is the problematisation of issues. People compare actual practice against their assumptions, and can find practice wanting (Rose & Miller, 1992, p. 181). Political debates often create idealised representations of the world which are voiced as ethical or moral imperatives (some examples include 'the elimination of poverty', 'a chicken in every pot' or, in this case, 'making government efficient'). These *political rationalities* are not just found in isolated or individual statements. If they were, they might well be considered inconsequential. They become forceful in their prevalence, in their being included in a wide range of statements made by diverse individuals and groups. In other words, political rationalities find their power and persuasiveness in their acceptance as widely held norms. They become prevalent through their fit with those sets of statements, or discourses,<sup>4</sup> which guide what we accept as defensible, credible and true. The development of new political rationalities and their subsequent acceptance can be understood more in terms of widespread shifts in those discourses. These shifts map out new ranges of acceptable and persuasive debate, and guide our choice of which ideas, plans and actions should be supported.

Political rationalities are, on their own, rather diffuse. They deal with general ideals. What is important is that they become matched with more specific governmental *programmes*. Programmes are concerned with the detail of how political rationalities might be accomplished. Programmes articulate or presume knowledge of the area for which they are proposed. For example, an attempt to develop a programme for the efficient or effective management of government, involves a presumption of knowledge of management and other fields. This knowledge provides a basis for subsequent action. Programmes provide the intellectual machinery that allows abstract political rationalities to be

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<sup>4</sup> Other writers provide more formal discussion of these terms (Foucault, 1980; Miller & O'Leary, 1987; Miller & Rose, 1990; Rose & Miller, 1992). I review the idea of discourse later in this chapter.



implemented. They encompass the ideas of experts and specialists, individuals, committees and other organisations. They are embodied in reports, proposals, plans and legislation, and in taken for granted (tacit) knowledge (Rose & Miller, 1992, pp. 181–183). While rationalities present general representations of the world, programmes set out frameworks for action.

It is crucial to understand the links between rationalities and programmes. A programme seeks to establish congruence between the broader appeal of political rationalities and the plans, proposals, etc., that address more specific problems. Wider debates (discourses) guide us in working political rationalities into more concrete programmes of action. Actors then attempt to enact these programmes through *technologies*.

#### *b. Technologies*

In turning to technologies people try to match rationalities and programmes with action. Programmes can only be fulfilled to the extent that they can be realised through technologies. Technologies are both prosaic and practical; they include, for example, such regular features of organisational life as forms of notation, computation and calculation, systems of data storage and analysis, and methods of standardisation and verification (Miller & Rose, 1990). Audit manuals, procedures, software and detailed plans are also examples of technologies; they provide specific means to act.

At this point Miller and Rose present theoretical problems. Though they attend to linkages between rationalities, programmes and technologies, they tend to briefly describe technologies rather than analyse them. Their work indicates that technologies include forms of calculation, writing, tabulation, etc., but the actual operation of technologies is unstated.

Rather than offering a new theory of these mechanics, as some believe is necessary (Hoskin, 1994), I draw on other work concerning the operation of technologies and other specific practices (Bernauer, 1990). This work suggests that practices are themselves critically influenced by the knowledge that surrounds them (and vice versa). Discourses guiding what is found to be supportable and persuasive not only influence the acceptance of more general political rationalities; they also guide practitioners at the detailed level of

determining what is appropriate professional practice. What this suggests is that to understand technologies, analysts need to attend both to detailed practices such as calculation, tabulation, etc., and to the rationalities and programmes which map out the practitioner knowledge and norms that underlie them.

At the detailed level of audit technologies (such as audit plans, tests, data gathering, etc.) practitioner knowledge and norms may be developed among a relatively small practitioner group rather than among society at large. But they are no less powerful as a result. (Indeed, practitioner knowledge and norms may be more powerful because of an often esoteric and unchallenged status.) Within the group of auditors to which they are relevant, their discursive expression provides powerful guides that inform and structure technologies. I return to these issues later in mapping out the operation of efficiency auditing in Alberta.

## B. ELABORATING GOVERNMENTALITY

### 1. Differences in Approach

Foucault's analysis is quite unusual in that he tracks confluences between ideas and practices, and addresses shifts in diverse bodies of knowledge, and the social practices with which they are reciprocally related. A number of differences inherent in this work can be usefully examined in introducing this material. I start with consideration of the kinds of actions and flows of power that Foucault examined. He himself directly contrasted his approach to power in action, with Marxist work that sought to delineate the interests of people making decisions or to demonstrate the dominance of one class over others (Foucault, 1988b). In contrast to a materialist view of power's association with capital, Foucault argued that power was exercised rather than possessed. To him, power was less determined, and was instead worked through in the field (Foucault, 1977a; Miller, 1994, pp. 233–236). He was less interested in *who* exercised power, than in *how* power was exercised in practice:

**Foucault:** .... of course we have to show who those in charge are, we know that we have to turn, let us say, to deputies, ministers, principal private secretaries, et cetera, et cetera. But this is not the important issue, for we know perfectly well that even if we reach the point of designating exactly all those 'decision makers,' we will still not really know why and how the decision was made, how it came to be accepted by everybody, and how it is that it hurts a particular category of person, et cetera.

**Interviewer:** So we can't study power without what you call the 'strategies of power'...

**Foucault:** Yes, the strategies, the networks, the mechanisms, all those techniques by which a decision is accepted and *by which that decision could not be but taken in the way it was*. (Foucault, 1988b, pp. 103–104, emphasis added)

Foucault was very much concerned with the operation of power at the local level—with what has been termed the micro-physics of power. It is this call for an attentiveness to detail, to the mechanics of power, that I believe makes this a tremendously useful way of looking at the involvement of financial techniques, and specifically audit, in the administration of government. An attention to 'micro-physics' and to the operation of technologies allows for consideration of the mutual influences of auditing technologies and the political programmes by which they are invoked. Beyond this attention to the ramifications of detailed ideas and action, Foucault's approach provides a contrast to an analysis of government in terms of the sectional promotion of interest.<sup>5</sup> Studies of the practices of government are more concerned with the actual operation of

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<sup>5</sup> Much accounting research is itself predicated on ideas of self interest; indeed, substantial bodies of research centre on various mathematical models of allegedly optimal self interested behaviour (e.g. Baiman, 1990; Demski & Feltham, 1978). Yet this more conventional treatment neglects the mechanics by which interests are calculated, known, realised or thwarted (Hindess, 1988). In this, as in other areas, modern accounting research has aped economics' recourse to pure mathematics in addressing fundamentally social problems. As McCloskey (1994, p. 140) comments, "The prestige of mathematical argument led economists to believe, contrary to their discipline, that they could get something intellectually for nothing, proving or disproving great social truths by writing on a blackboard."

government, with the mechanics, processes and procedures underlying government plans and their enactment. Attention to the operation of government at a local level provides a very different perspective in place of a focus concerned with self-interest, with questions of who gets what (Foucault, 1988b; Miller & Rose, 1990). Attention is directed less at *who* benefits, and more at *how* things happen. Foucault suggested a series of interrelated questions as a focus of such inquiry, "How to govern oneself, how to be governed, how to govern others, how to accept the one who is to govern us, how to become the best possible governor, etc." (Miller, 1994, p. 299). The mechanics of action have often been neglected in accounting research and elsewhere. A Foucauldian approach points to lower level, detailed concerns, and to their cumulative influence.

Audit strikes at a number of these questions of the mechanics of government. As will shortly be seen, the expansion of auditing mandates to encompass economy, efficiency and effectiveness was particularly implicated in the kinds of debates Foucault envisaged regarding the improvement of government ("how to become the best possible governor"). Auditing seems to surface as a matter of political debate from time to time, although as one that might be difficult to articulate in detail for a general audience. But the ongoing influence of audit can be seen in its operation as a part of the administration of government. As in corporations and other entities, auditing provides recurrent financial analysis and review, in ways that other technologies do not. Auditing activity has quite particular effects of rendering matters publicly visible, and offering them as a potential focus for management action. Its employment in the ongoing activity of government makes it a part of the micro-physics of power that enable governing to take place.

## 2. Discourse

Studies of governmentality, and of the mechanics of governing alluded to above, follow Foucault in attending to discourse. Discourse may be broadly defined as "an event in which someone says something about something to

someone else" (Francis, 1990, p. 5).<sup>6</sup> Individual acts of speech, writing or thought are guided by wider norms; our ideas of what is defensible, credible and true govern our statements. It follows that these norms provide crucial links between individual statements, and that, as a consequence, statements may be meaningfully studied as *sets* related by the normative rules that allow them to be made.

Foucault argued that these sets, which he termed discursive formations, provided insight into systems of thought and action, and the way in which they functioned in society. His interpretation of signs as collective and cohesive discursive formations opened the field for different levels of social analysis. Central to this was Foucault's movement away from the individual as a locus of study. In contrast to conventional histories of ideas, in which 'great' individuals provided impetus, Foucault saw individuals, and their statements and ideas, as being contingent on wider sets of ideas. Individuals, in this view, are contingent, formed by the weight of moral and other traditions; they do not have the autonomy central to other analyses (Miller, 1994, pp. 281–284). Questioning the individualisation of the history of ideas, and the assignation of thought to individual authors, Foucault suggested wider units of analysis than simply the author and the work (Foucault, 1984c, p. 101). While certain very major authors, such as Marx or Freud, might publish work which established new parameters for future work, effectively mapping out new discursive space,<sup>7</sup> most authors would work within existing discursive fields. They would fail to break out from these fields, in effect defeating conventional views of the exclusivity and originality of authorship. Such authors gave voice to pre-existing discourse.

In attending to statements as part of wider systems of thought, Foucault went beyond a simple assembly of statements in terms of their being alike. Analysis of

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<sup>6</sup> This definition is drawn from Ricoeur's work, and is applied in detail by Arrington and Francis (1993; see Francis, 1990, p. 15).

<sup>7</sup> Foucault suggested that such authors did more than work with existing discourse; instead, they mapped out "an endless possibility of discourse" (Foucault, 1984c, p. 114). These transdiscursive authors were the exception rather than the rule (Foucault, 1984c).



discourse did not involve technical analysis of linguistic similarities. The interest was not a categorisation of statements, pinning down their relations as curators might categorise their collections. Instead, at the centre of this analysis were systems of thought impounded in individual statements. Tracking these systems through analysis of the rules which tacitly governed statements, demarcating which are seen as credible or true, allowed Foucault to explore both knowledge and the practices which it guided. For example, he sought to explore sudden shifts in such bodies of knowledge as those regarding medicine, punishment or sexuality. He mapped out changes in behaviour, and explained such developments as varying treatment of criminals in terms of variations in the discourses brought to bear on the issue of criminality. In conceiving of these issues in terms of discourse, the analytical target became the discursive rules governing statements concerning criminality, since these were seen as governing statements and inspiring action in the penal realm (Foucault, 1977a). In thinking of auditing, it can be seen that a range of ideas come together in allowing the promotion of an auditing for efficiency: an analysis of the discursive rules governing statements regarding government auditing provides insights into statements and action in auditing reform.

In mapping out the discursive articulation of a body of knowledge Foucault paid particular attention to change and disruption—to junctures at which the rules of discursive formations were at flux. He found that such changes, when they occurred, were rapid. His interest in this rapidity in changes in, for example, scientific knowledge, was that,

this extent and rapidity are only a sign of something else: a modification in the rules of formation of statements which are accepted as scientifically true. Thus it is not a change of content (refutation of old errors, recovery of old truths), nor is it a change of theoretical form (renewal of paradigm, modification of scientific ensembles). It is a question of what governs statements, and the way in which they govern each other so as to constitute a set of propositions which are scientifically acceptable, and hence capable of being verified or falsified by scientific procedures. In short, there is a problem of the régime, the politics of the scientific statement. At this level it's not so much a matter of knowing what external power imposes itself on science, as

of what effects of power circulate among scientific statements, what constitutes, as it were, their internal regime of power, and how and why at certain moments that régime undergoes a global modification. (Foucault, 1980, pp. 112-113)

What Foucault mapped out as the politics of the scientific statement—the power inherent in a statement's mere articulation—applies to areas far beyond science. *Such rules underlie statements made in social settings.* Those authors attending to governmentality, to such questions as how one might govern, improve government, etc., draw on discursive analysis to map out political rationalities, programmes and technologies. Typically, this is limited to archival work, following Foucault's own analysis of discourse in archival sources (Bernauer, 1988, p. 90; Miller, 1994, p. 300). I will presently argue that, in his later work, Foucault increasingly agreed that discourse could be understood through an analysis of actions, of practices in the social world; I elaborate this later.<sup>8</sup>

### 3. Political Rationalities and Programmes

Gordon (1980) identifies the emergence of a focus on programmes in Foucault's later work, where he came to focus on the positive and productive aspects of discourse. Programmes have a special role in this more positive view, in that discourses construct specific programmes for the formation of a specific social reality (Gordon, 1980, pp. 245–259). Rather than establishing the limits of acceptable, indeed, possible thought or construction of an issue, discourse could establish the conditions for a *problematization* of reality and the development of specific programmes for action. Following this, Rose and Miller

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<sup>8</sup> Numerous books and theses have been written on discourse. As an accounting researcher I am interested in these ideas as an aid in understanding complex, institutionally detailed practices. I attend to discourse and to Foucault's work in general as an aid to understanding accounting in a context of organisations and society. Those interested in a more detailed review of this material may find Bernauer's (1990) analysis useful. Other forms of narrative or discursive analysis are reviewed by Silverman (1993).

identify the programmatic in terms of the suggestions of a variety of experts and specialists, from individuals, committees, or other organisations, and the expression of these suggestions as reports, proposals and other plans (Rose & Miller, 1992, pp. 181–183).

While this knowledge may be either codified or diffuse, programmes crucially articulate or presume such knowledge of the field in which the programme will intervene, or, alternatively, which it will create. Programmes involve claims to know the objects on which the programme will be exercised (Gordon, 1980, p. 248). To think of the roles of the efficient or effective management of government, then, is to presume a certain knowledge of these spheres that would provide a basis for a feasible programme of action. It is this emphasis on knowledge that leads Rose and Miller to term theories of, *inter alia*, the social sciences, economics, psychology and other areas as providing an *intellectual machinery* which renders elements of the world thinkable. These bodies of knowledge allow for the kind of comparison between the real and the ideal that is at the root of programmes.

A programme, in summary, establishes consonance between the broader appeals of political discourse, and the plans, proposals and similar that attempt to address more specific problematisations. Language, and in particular discourse, effects the translation of more general political rationalities to more detailed programmes of intervention (Miller & Rose, 1990, pp. 4–7). Technologies then provide a link between a programme and its enactment.

#### 4. Technologies of Government

Political rationalities provide a more general discourse that enables the development of problematisations and of programmes, thereby opening areas up to thought, discursive comparison between the real and ideal, and the development of proposals for intervention. These initial elements are all very much within the realm of thought and intention. What is needed is a means of translating the resulting programmes from a theoretical domain to a practical one. Mechanisms of intervention are required to translate programmes into action, as rationalities, programmes and technologies act in concert.

It follows that programmes can only be fulfilled to the extent that they are accompanied by appropriate and viable technologies. It is in this spirit that Miller and Rose argue that it is important to go beyond wider political rationalities and ensuing programmes, to examine the technologies which make it possible to govern and intervene. An inventory of technologies would, for them, be widely heterogeneous and "in principle, unlimited" (Miller & Rose, 1990, p. 8). The reason for this is the multitude of procedures, objects and techniques that can provide a technological basis for the enactment of programmes. They offer examples such as,

techniques of notation, computation and calculation; procedures of examination and assessment; the invention of devices such as surveys and presentational forms such as tables; the standardisation of systems for training and the inculcation of habits; the inauguration of professional specialisms and vocabularies; building design and architectural forms.... (Miller & Rose, 1990, p. 8)

All of these mechanisms hold the potential to further programmes, in that they provide the means to map the more general aspirations of a programme to detailed ways of acting in the field. Discourse is presented as a critical link between political rationalities, the development of programmes, and their ultimate expression in technologies:

we argue for a view of 'discourse' as a technology of thought, requiring attention to the particular technical devices of writing, listing, numbering and computing that render a realm into discourse as a knowable, calculable and administrative object. 'Knowing' an object in such a way that it can be governed is more than a purely speculative activity: it requires the invention of procedures of notation, ways of collecting and presenting statistics, the transportation of these to centres where calculations and judgments can be made and so forth. It is through such procedures of inscription that the diverse domains of 'governmentality' are made up, that 'objects' such as the economy, the enterprise, the social field and the family are rendered in a particular conceptual form and made amenable to intervention and regulation. (Miller & Rose, 1990, p. 5)

In a preliminary analysis of the role of accounting or auditing it might seem that these fields are exclusively technological. Rather than constituting a wider political programme in themselves, accounting and auditing provide ways of addressing more general objectives. In the terms of governmentality this is largely true. But it would be a mistake to present the divide between technologies and programmes as too solid or impermeable, or to construe accounting and audit *solely* as a technology. Financial practices can be seen as technological means to achieving programmatic ends, but they also have the potential in themselves to set agendas, delimit the thinkable, and structure debate. We can perhaps appreciate that accounting and auditing knowledge has helped to constitute wider understandings of what 'good management' is. For example, accounting's prescription of good internal control, capital budgeting, variance analysis, record keeping and other practices has helped to shape wider understandings of best management practice. This lends support to Miller and Rose's argument of the inter-relatedness of technology and discourse. They may be understood as mutually constitutive, in that discourse fosters the acceptance and development of technologies, and technologies help to give life to discourse.

The term 'technology' should be treated with care. In recent years a wide array of work has questioned prior understandings of accounting as a socially neutral, 'technological' practice (for example, see Arrington & Francis, 1989; Burchell et al., 1985; Burchell et al., 1980; Morgan & Willmott, 1993; Tinker et al., 1982; Willmott et al., 1993). It is important to be careful in ascribing elements of a technological role to accounting, since as Loft argues

it is both interesting and insightful to examine accounting not as merely a technical process with social and political consequences, but as an activity which is both social and political in itself. The accounting information which results from the use of accounting systems is, after all, a social product; it only has meaning in the context and culture in which it is produced. (Loft, 1986, p. 138)



The neutral, mechanical role often ascribed to accounting when thought of as a technology is not what is meant here, nor is it what Miller & Rose envisage. They place great emphasis on the inter-relatedness of technology and discourse, in a view which would emphasise an apparent symbiosis in their development. More than this, the relation between the two is perhaps best understood in terms of discourse; as Miller and Rose phrase it, discourse may be viewed as a technology of thought, requiring attention to particular technical devices such as writing or categorisation which render an area into discourse as a knowable, calculable and administrative object (Miller & Rose, 1990, p. 5).

Written description tends to present analysis as operating in a rather more linear fashion than is the case. Miller and Rose (1990, pp. 10–11) suggest a wide potential for confusions, conflicts and intersections between various governmental programmes and their technologies. The solutions for one programme may be constituted as the problems which start another. The technologies harnessed in the service of a programme may have unexpected consequences, both positive and negative, which themselves influence the course of other events and their associated discourses. Programmes and technologies may find their greatest outlet in areas and problematisations far removed from those in which they were originally conceived. The potential for disorder, chance and confluence is very real. In sum, they argue that the 'will to govern' may be addressed more productively by an analysis of its difficulties of operationalisation, rather than in its successes (Miller & Rose, 1990, pp. 10–11).<sup>9</sup> That seems a rather likely outcome in the case of the complexity of government financial administration. The fluidity and potential confusion of this system is reminiscent of similar developments and convergences envisaged in the garbage can theory of organisational choice (Cooper et al., 1981).

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<sup>9</sup> This observation points us to an appreciation of the difficulties and constraints which surround the act of governing. But these difficulties do have their positive aspects. Techniques invented for one purpose may find their eventual role in terms of another; indeed, their operation may continue to be feasible despite detachment from their original motivation (Miller & Rose, 1990).

### C. CAPTURING TECHNOLOGIES: LIMITATIONS OF THE NEW ACCOUNTING LITERATURE

In the new accounting literature, ideas of discourse, political rationalities and programmes are rather more developed than work on technologies. This is true in both an empirical and a theoretical sense. There are real questions as to how one might properly study practices. Apart from presenting ideas as to what constitute practices, Miller and Rose, in common with others, do not present a guide as to how these practices can be traced.

Governmentality follows much Foucauldian work in emphasising the role of discourse in guiding thoughts, statements and ideas. A stream of recent work has introduced a focus on discourse into accounting research (Arrington & Francis, 1989; Burchell et al., 1985; Francis, 1990; Hopwood, 1987; Hoskin, 1994; Hoskin & Macve, 1986; Hoskin & Macve, 1988; Lehman & Tinker, 1987; Miller & Napier, 1993; Miller & O'Leary, 1987; Miller & O'Leary, 1993; Miller & O'Leary, 1994; Preston et al., 1992; Preston et al., 1994; Robson, 1991; Robson, 1993). This work has, to date, mapped out the influence of discourse in a wide range of accounting practice, but has done so without explicit and detailed analysis both of what a technology involves, and especially of how technologies might operate in the field. This analysis of the operation of technologies has received considerably less attention (Hoskin, 1994; Jönsson & Macintosh, 1994).

Consider Miller and O'Leary's influential paper concerning the roles of accounting in the construction of the 'governable person' (Miller & O'Leary, 1987).<sup>10</sup> Having set out the domain of their analysis, they add that

We have placed greatest emphasis on what we might call programmatic discourses as opposed to accounting as it was practised in particular firms.

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<sup>10</sup> Note that this paper is suggested by Hoskin as one of the case studies and histories that have shown, "often in admirable detail," how accounting has *functioned* in modernity (Hoskin, 1994, p. 23 in draft). Miller and O'Leary themselves identify the programmatic, rather than the technological, as the centre of their analysis, while the functioning of practices in the field remains largely unexamined.

This is not because we regard the latter as unimportant. Nor is it because we view our concerns as entirely independent from this more technical level of analysis. To clarify our views it may help to identify what we see to be two distinct orders of events and the interrelation between them. The one we have concentrated on in this paper can be called discursive programmes for the administration and calculation of activities within the enterprise and society as a whole. The other we would call the technological and concerns the actual operation of accounting practices, their elaboration through particular procedures and techniques. Our point is that these two levels are distinct, yet crucially interdependent. (Miller & O'Leary, 1987, p. 240)

For the most part technologies have remained unexplored in Foucauldian influenced accounting literature, addressed only in that the discourses with which they are heavily inter-related were themselves addressed. There are questions of why an emphasis on discourse has squeezed out an analysis of technology. I believe that the reasons for this lie partly in the concerns and excitement of the start of this research programme, partly in the theoretical tools available to establish this stream of research, and partly in the empirical and theoretical difficulties of mapping out technologies.

### *1. Concerns of the Critical*

Foucauldian research, along with other branches of what has variously been termed the 'critical' or 'new' accounting research (Morgan & Willmott, 1993) has had a curious relationship with the technologies of accounting.<sup>11</sup> Simply

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<sup>11</sup> Criticism, together with the term 'critical' research, is sometimes misunderstood in accounting circles, being conflated with contemporary political debates so as to be construed as research which necessarily adheres to certain political beliefs, or even as nihilistic attacks on existing practice. It is important to be quite clear that this is not what is meant here. In this work criticism is approached as a way of undermining common-sensical views of the present, and uncovering the kinds of assumptions and thoughts which lie behind present practice. Criticism is in this sense oriented towards the development of a view of the fragility and contingency of present circumstance, rather than a claim that things are not right as they are (Foucault, 1988a; Foucault, 1988d).

put, one of the initial motivators of much of this research was that accounting was far more than mechanical calculation. Accounting has been placed in a wider context both of organisations and society. Burchell et al.'s initial conclusions regarding the roles of accounting provide a flavour of this:

Our discussion of the organizational and social roles of accounting has tried to identify an area of enormous and largely uncharted complexity. Whilst the development of accounting has resulted in the attribution of formal roles for accounting which can be and are used to evaluate and change the accounting craft, our analyses have attempted to show how the actual practice of accounting can be implicated with the furtherance of many and very different sets of human and social ends. (Burchell et al., 1980, p. 22)

This kind of reasoning is, I believe, partially responsible for an emphasis on the role of discourse and a neglect of the operation of technologies. The initial objective of this research was to confront a conventional view of accounting as a technocratic concern, and to indicate the influence of much wider debates on the practice of accounting. In this sense the most direct approach was to introduce the role of wider discourse in the development of the accounting domain. Accounting's influence on organisations and society was to be more thoroughly explored, as Burchell et al. put it,

Until recently scholars interested in accounting have been seemingly content to accept the ends which have been claimed on its behalf, focusing their efforts on a further refinement of the craft. We do not necessarily criticize such an orientation, but we would claim that a case can also be made for the study of accounting as a social and organisational phenomenon to complement the more prevalent analyses which operate within the accounting context. (Burchell et al., 1980, p. 22)

The initial concerns and excitement of Foucauldian research, together with other branches of the new accounting literature (Morgan & Willmott, 1993), were to establish the influence of wider political and social ideas, to break from acceptance of the profession's claims for itself, and to produce analysis that

would introduce new perspective to a discipline that had, as Burchell et al. (1980), note, been studied from within, with acceptance, rather than questioning, of its internal logics.<sup>12</sup> A focus on discourse provided a direct means of addressing these concerns. The most developed and discussed theoretical tools available combined the analysis and exposition of discourse, and it was these tools that provided the theoretical basis for Foucauldian work in accounting. In this sense the next step might seem to be to develop analysis of technologies or practices.<sup>13</sup> It is this shift in accounting research that Keith Hoskin envisages as extending Foucault's work

... Foucault's is not necessarily the last theoretical word. The development of his general approach is now perhaps carried further forward by reflecting on the special power of certain practices to structure the social world and the self, with one such practice being accounting. (Hoskin, 1994, p. 59)

Hoskin develops his own view of what might be involved in an analysis of practices. He proposes

a form of reversal where, in order to understand the wider development of historically dominant forms of reason, we begin from accounting, as one of the key practices involved in the whole construction of the world and the self—this as part of the new kind of 'theory of practices'... (Hoskin, 1994, p. 71)

In this view, Foucauldian research in accounting is at a critical stage, in which certain of the limits of Foucault's own writings have been reached. The question which follows is how the role of practices can be more fully recognised when studying the operationalisation of accounting technique. It seems that

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<sup>12</sup> Anthony Hopwood, a leading proponent of Foucauldian work in accounting, titled the collection of his papers (1988b) 'Accounting from the Outside', a reference, perhaps, to the change of emphasis that this research involved.

<sup>13</sup> At this point, since 'practices' is the term used by many writers in the field, I use it rather more than 'technologies.' Please see the earlier note regarding the relation of these terms.



there are empirical and theoretical problems for those who attempt cohesive analysis of discourse and practices. In the remainder of this chapter I first try to address some of these theoretical issues. Then I consider the empirical difficulties of entering this arena; I close by elaborating the task ahead.

#### D. EXAMINING PRACTICES

Keith Hoskin's recent theoretical discussions provide significant insight into the state of Foucauldian accounting research. Hoskin argues that a new theory of practices is required, on the grounds that Foucault did not provide an extended theorisation of practices, in contrast to his exposition of the analysis of discourse. For Hoskin the promise of a new theory is that it would offer a guide to what for him is the leading force in significant changes in discourse—he holds that practices are the roots of such moves:

in those occasional moments when power-knowledge relations change and a new dominant form of reason, with new 'truth games' gets established, the technologies of writing, pedagogy and valuing appear to change. At the level of method, therefore [...] the genealogy of new forms of writing, pedagogy and valuing becomes of primary concern—a genealogy of practices. (Hoskin, 1994, p. 71).

In support of this, Hoskin presents Foucault's work in *Discipline and Punish* and *The Birth of the Clinic* as a demonstration that the practice of examination was "the pivotal technology enabling both new power and new knowledge to be constituted" (Hoskin, 1994, p. 72).<sup>14</sup>

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<sup>14</sup> My own view is that the question of which comes first is misleading—surely at some junctures practices will provide the basis for discourse, while at others discourses will provide the basis and inspiration for practice. Nevertheless, Hoskin refers to practices driving discourse at times of change to new, dominant forms of reason—events which are both significant and comparatively rare. Towards the close of his argument this is further modified, "there is no absolute priority, for we are constantly immersed in the field of both, with each of us being the product of the play of the historically-given discourse and practices

I agree with Hoskin on the importance of examining practices, but am unsure that an entirely new theory is required in order to deal with them. It seems that practices were a significant concern in Foucault's own work, although these theoretical concerns were not, perhaps, as clearly stated as those of discourse, and discourse was generally the more distinguishing feature of his writing. Hoskin, for example, makes Foucault's attention to practices clear with reference both to *Discipline and Punish* and *The History of Sexuality* (Hoskin, 1994). My suggestion would be that a re-interpretation of some of these concerns might aid in the development of fresh insights in the inter-relation of discourse and practice in accounting and audit. Further elaboration of Foucault's work regarding practices may be useful, but it may not be a prerequisite for work that concerns both discourse and practice. It may be that Foucault's work *as later applied to accounting* is in greater need of elaboration than Foucault's own work is, perhaps for the reasons previously outlined. I now begin the elaboration and re-interpretation of Foucault's attention to practices that I suggest above.

### 1. Re-examining Foucault in accounting

I find James Bernauer's (1990) consideration of Foucault's work to be most useful in dealing with the problems of addressing technologies. Foucault's work was critically concerned with relations between the discursive and the non-discursive (i.e., practices).<sup>15</sup> This is a concern that can be seen both in his archaeology of knowledge, and in the later development of genealogies of power-knowledge relations. Discourses were always linked to the non-discursive, as Foucault noted:

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we encounter and internalise, but then also the author of our personal version of the previously-unsaid" (Hoskin, 1994, pp. 78-79).

<sup>15</sup> The non-discursive refers to social, economic, and political practice (Bernauer, 1988, p. 144). See earlier discussion for an elaboration of discourse.

My general theme isn't society but the discourse of true and false, by which I mean the correlative formation of domains and objects and the verifiable, falsifiable discourses that bear on them: and it's not just their formation that interests me, but the effects in the real to which they are linked. (quoted in Bernauer, 1990, p. 144; Foucault, 1978b)

It was in this way that the non-discursive (the 'real' in this quote) was linked to the discursive.

Ongoing concerns with both the discursive and non-discursive promoted links between genealogy and archaeology, the two major approaches that Foucault took (Burrell, 1988).<sup>16</sup> Rather than seeing these approaches as discrete, it is best to view them in terms of their complementarity. Genealogy provides an extension of the work started in archaeology, and continues Foucault's concern that the discursive and the non-discursive were linked, and that their interaction was liable to produce outcomes very different from those that might be envisaged were they acting independently (Bernauer, 1990, p. 144). In his archaeology of knowledge Foucault started out with an exposition of discourse, elaborating the rules that guide statements at a given time. In his later work he took a new and more directed approach to power-knowledge relations. In coming to the view that the effects of power could be both *positive* and negative, and that power-knowledge relations, the links between the discursive and non-discursive, were themselves constantly moving, intersecting and reforming, he adopted a view of the *deployment* (in French, *dispositif*) of a potentially wide range of discourses, practices, technologies, etc. Just as power could function strategically and positively, so Foucault made his analysis more strategically driven. The idea of the deployment suggests a binding together of discourse and practice within Foucault's analysis.

#### *a. Deployment*

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<sup>16</sup> This reference is offered as a starting place for those unfamiliar with these two approaches. Space does not permit their full introduction here. Burrell provides a reasonably straightforward review, although he tends to present the two as discrete bodies of work. The argument here, following Bernauer, is that they are best understood in conjunction.

Deployment is more general than either the discursive or non-discursive field. Its generality goes beyond, and encompasses, discourse and practices. The point is that these categories are all bound together at particular times and places, in very specific formations. A deployment, then, can involve discourse, practices, institutions, architecture, technology—heterogeneous elements that can be brought together to influence a particular site. The idea of the deployment can similarly be used to codify rationalities, programmes and technologies, and so develop an appreciation of the reciprocal influence of each.

This is best explained by example; Foucault's *Discipline and Punish* (often considered one of his more accessible works) describes transformations in the treatment of criminals. Punishment was previously understood as an expression of sovereign power, since crime was held to be a personal offence to the sovereign; this was later replaced by a bureaucratisation of punishment, and the foundation of penal institutions and practices still recognisable today. These transformations did not occur solely because of judicial reform, the development of psychological knowledge, or the building of modern prisons with the potential for constant watch over prisoners, but *all* were implicated in this movement. As Bernauer puts it

The penal realm is an ensemble of extremely disparate elements: it is constituted not only by the discourses of political revolutionaries, psychologists, judges, legislators, doctors, but also by the architectural forms of prison construction as well as the systems of daily order and discipline practiced within prisons (Bernauer, 1990, p. 146).

The analytical strength, then, of the deployment, is that it can address power-knowledge relations while encompassing both the discourses and practices involved in their constitution. Foucault argued that the genealogist should delineate relations between elements of the deployment, i.e. describe the relations between these elements. He offered two stages in the development of a deployment. First a strategy would be developed to meet a crisis, fissure or more general "specific historical urgency" (Bernauer, 1990, p. 145). Note that this

strategy is not consciously fashioned by any one individual or group,<sup>17</sup> it is, rather, formed at the intersection of the actions and ideas of many such parties, together with the technological possibilities of the time. On formation the deployment is subject to a second stage involving both *functional over determination* and *strategic filling*.

Functional over determination expresses the coming together of the strategy's negative and positive outcomes, and the development of relations between elements of the deployment, whether these relations are intended, desirable, or otherwise. Adjustments between the deployment's constituent elements ensue. Further to this, strategic filling refers to the possible development of unintended consequences following from the confluence of these elements. Thus in the case of prisons and penal reform the initial process was understood as humanitarian reform, and an escape from overbearing sovereign power. Humanitarians involved in early reforms did not envisage or intend the mutation of their idealistic project into the morbid system of containment that is seen in many societies today. But this is a process that was beyond individual control—strategic filling has occurred at the gaps and uncertainties of this deployment (Bernauer, 1990).

At this point I consider some guides that Foucault proposed for research. Next, I indicate the sources that might be addressed in analysing elements of a

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<sup>17</sup> This focus on the influence of collectivities, and of consciousness at a collective level, makes this approach quite different to those that deal in terms of the calculable interest of an individual or local group. "Knowledge conceived of as the fruit of individual consciousness is put out of play" (Bernauer, 1990, p. 146). In line with Foucault's beliefs of the inter-relatedness of our statements, and of our consequent limitation as unique or original authors (Foucault, 1984c), the deployment is not consciously fashioned by any one individual or group. This focus on thought as a collective rather than an individual product inheres in previous accounting research (e.g. Burchell et al., 1985; Radcliffe et al., 1994) and has been discussed above. Miller and Rose's description of programmes addresses aspects of this, particularly when discussing 'action at a distance' (Miller & Rose, 1990, p. 9). Nevertheless, they maintain that "it is in language that programmes of government are elaborated" (Miller & Rose, 1990, p. 6). I find that the notion of deployment goes beyond this in providing cohesion between technologies and programmes, the discursive and non-discursive.



deployment. Considering the reliance on text that has characterised much Foucauldian accounting research, a pattern in some ways accurately criticised by Neimark (1990), I justify the significance of fieldwork.<sup>18</sup>

*b. Foucault: The Practice of Criticism in a History of the Present.*

Aside from the question of which materials can be reasonably addressed in the analysis of a deployment, there are questions of how interpretation might be guided. Foucault's view of deployment drew from his earlier work on archaeology, concerning the development of bodies of thought (Bernauer, 1990). With this in mind, I review guides<sup>19</sup> to Foucault's more general work, particularly those first developed in archaeology. I then move to complementary guides later developed in analysing discourse.

Foucault's work marked a break from other approaches to the 'history of ideas.' He meant his studies to be an alternative to traditional approaches, which had seen the history of thought as constituted by the human subject, that is, analysis which places people at the centre. In focusing on systems of statements—discourses—in their own right, Foucault's archaeology of knowledge moved away from the subject and concentrated instead on the conditions which came to define the discursive space in which speaking subjects exist (Gutting, 1989). In this scenario analysis shifts to the dominant ideas that guide subjects' thoughts and actions. This difference lies at the heart of his work, and differentiates it from other more standard histories of ideas. This differentiation influences several areas, as Gutting (1989) suggests.

*i. Tradition and Innovation*

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<sup>18</sup> I would however note nascent trends towards an analysis of practice (Miller & O'Leary, 1994; Preston et al., 1992).

<sup>19</sup> I use the term guides rather than rules or some similar expression since that would assign too much imperative force to this material. When offering such guides Foucault tended to offer them more as cautions than as methodological requirements (Bernauer, 1990).

The history of ideas is more usually dominated by the old and the new. Great energies are expended in establishing the points at which change occurred. A result of this is the ordering of thoughts into a long chronological listing, each component of which is defined in terms of that which preceded it, for example, in a chronological listing of accounting thought. The ancestry of ideas, together with their dates of origin, becomes central.

Foucault insisted that such a search was irrelevant to his own approach. He was instead concerned with the regularities of discursive practices, the patterns defined by the relations of one statement to others. These patterns collectively defined the field in which all statements were created. The prime focus is therefore on the rules of discursive formations, which are embodied just as much in the most recent as in the most original statement (Gutting, 1989, p. 245). This suggests that a variety of sources, past and present, may be usefully interrogated to address the ideas that inform and guide contemporary practice, both in auditing and in other fields.

## *ii. Contradictions*

The conventional history of ideas searches for continuity and coherence in the face of apparent contradictions. Within books, genres or intellectual traditions it views conflicts as illusory, or as representative of deeper contradictions. Conflicting statements are unacceptable in their own right. Foucault made it clear that for him,

contradictions are neither appearances to be overcome, nor secret principles to be uncovered. They are objects to be described for themselves. (Foucault, 1972)

Instead of explaining a contradiction, Foucault argued for a description of the discursive conditions of its possibility. These conditions crucially depend on the formation of rules for describing and thinking of things. It is the rules themselves that allow for potential contradictions; they rarely follow a strict and comprehensive structure. The gaps and collisions that occur between these rules provide for eventual contradiction and disorder. This dissertation

attempts to tease out such contradictions, and place them in relation to wider discourse regarding the administration of government and the roles of auditing technologies in governmental programmes. It tries to establish what falls within the boundaries of accepted, common sense views of the world.

*iii. Change and Discontinuity*

Discontinuities, points of rupture between one site of practice and the next, have often been seen as a key to Foucault's thinking. His emphasis was a marked reaction to conventional histories of ideas with their emphasis on progress and continuity in human thought through time. To question the privileged role of the human subject, Foucault emphasised interruptions in streams of thought (Gutting, 1989, p. 247).

Foucault made it clear that he was concerned with changes from one discursive formation to another, and that these changes could occur against a background of significant continuity. What distinguished this approach was that difference and discontinuity were addressed as seriously as continuity. This concern is significant for my later analysis of how auditing came to be about efficiency in Alberta. I offer an interpretive historical account (Previts et al., 1990) of these developments, attending both to local debates and to those wider debates that fed into Albertan considerations. Note that this does not mean a study of *all* debates, nor does it mean that I attempt a wholesale historical analysis of government auditing. Within a Foucauldian framework such an analysis seems redundant. In its place is a more directed examination of particular debates, and the discursive agreements and representations that they expose.

All debates are not inextricably linked; in place of over-arching cross-cultural political debates or global motivations, Foucauldians in accounting have tended to address more local considerations, taking seriously the concerns and interpretations of social actors as they negotiate the world. Of course, other analytical stances may allow the injection of other debates, prior, concurrent or whatever, irrespective of reference to them in the field. My theoretical framework leads me away from this, and towards a consideration of discourse

surrounding particular events (Bernauer, 1988; Bernauer, 1990; Foucault, 1984a; Gordon, 1980).<sup>20</sup>

*iv. Description and Analysis*

Description and analysis was central to Foucault's approach. As he noted of his view of history,

I have studied, in turn, ensembles of discourse: I have characterised them; I have defined the play of rules, of transformations, of thresholds, of remanences. I have collated different discourses and described their clusters and relations. (Foucault, 1991 p. 55)

In further reflection on his methods he identified three groups of transformations which he found to be central to the constitution of change. The first concerned changes *within a discursive formation*, detecting changes affecting its objects, operations and concepts. The second concerned changes *affecting discursive formations themselves*, including the displacement of boundaries defining the field of objects to which discourse might be applied, the position and role of speaking subjects in discourse, new modes of operation of language with respect to objects, and new forms of localization and circulation of discourse within society. These changes defined the transformations which affected the mutations of discursive areas themselves. The third and final category comprises changes *simultaneously affecting several discursive formations*, involved inversions of hierarchies and roles among discourse, and changes in directing principles. For example, ideas of which analytical tools were thought to be transposable to other areas could move over

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<sup>20</sup> This perspective is shared by Burchell et al., who note of their own choice of three 'arenas' that, "No doubt arenas other than the ones that we have outlined could be constructed. However, the purpose of this paper is not to provide an exhaustive description of the genesis and development of value added. Such a study would in any case take us back to before the Industrial Revolution [...] The aim here is more modest: it is merely to shed a little descriptive and analytical light on the processes of accounting change" (Burchell et al., 1985, p. 390).

time. Similarly, functional displacements could occur, such as the usurpation of large areas of formerly philosophical inquiry by science in the nineteenth century (Foucault, 1991, pp. 56-7). In this light, the form of discursively bounded rationalities and programmes seem to be similarly susceptible to the change, displacement and inversion outlined above. In the case of 'efficiency' auditing, it seems clear that certain discursive transformations allowed auditing practice to be reconfigured as a far-reaching inquiry that extended beyond the financial, to what were seen as managerial concerns. This shift in technologies was itself supported by a shift in rationalities and programmes, and marked by a changed discursive environment.

Mindful of such transformations in discursive environments, Foucault attempted a history of discourse, and sought to uncover what it was that made particular statements possible. This was attempted without attributing motive to the subjects involved, in effect sidestepping issues of consciousness, false or otherwise. He was reluctant to say anything which went beyond what had actually been said, or to add subtleties of meaning or intentionality which were not empirically apparent, although this did not mean that subjects themselves had to think of their thoughts and actions as being guided by the discourses which Foucault later envisioned (Foucault, 1972). A view of *deployment* offers a real potential to map out further intersections between thought and action than seems possible by reference to discourse alone, as has been the case in much recent accounting research. I would nevertheless argue that the deployment does not involve critical breaks with prior research; continuity and elaboration seems more apparent. Foucault's later work regarding the deployment is still led by a questioning of ideas. Thought was given a special role in drawing out the discursive and non-discursive—it was more than a simple system of representation or cognition that enabled tasks to be performed. Instead, thought

is what allows one to step back from this way of acting or reacting, to present it to oneself as an object of thought and question it as to its meaning, its conditions, and its goals. Thought is freedom in relation to what one does,



the motion by which one detaches oneself from it, establishes it as an object, and reflects on it as a problem. (Foucault, 1984a, p. 388)

Foucault proposed that his entire work be understood as a kind of philosophy-as-life, a way of acting in the modern world which was both a way of belonging to that world as well as a task within it (Bernauer, 1988, p. 66). As Foucault noted in the introduction to *Discipline and Punish* (1977a), he was interested in a history of the present—an analysis which through its grounding in the past could establish the contingency of present practices. The effect of such a history is to show present practices not as the inevitable, necessary outcome of evolutionary processes, but as a collection of contingencies, which do not imprison the future to development along current lines. This analysis of the world makes the possibility for change central and apparent, since an analysis of discourse is

indissociable from a desperate eagerness to imagine it, to imagine it otherwise than it is, and to transform it not by destroying it, but by grasping it in what it is. (Foucault quoted in Bernauer, 1988, p. 74)

Some have noted the depressing aspects of Foucauldian analysis of power-knowledge relations, and the power of these relations both in constructing the world around us, and in our comprehension of it. Foucault did not believe that there could be a definitive escape from such relations, but he did feel that no specific configuration of relations was necessary or unchangeable. In this view thinking became a powerful means of transgressing intellectual and discursive boundaries and was a liberating practice which offered freedom from contemporary alignments (Bernauer, 1988, p. 75). For in establishing the contemporary rules and guides for thought—in locating discourses—Foucault believed that transformation was possible,

There's an optimism that consists in saying that things couldn't be better. My optimism would consist in saying that there are so many things to be changed, fragile as they are, bound up more with circumstances than necessities, more arbitrary than self-evident, more a matter of complex, but

temporary, historical circumstances than with inevitable anthropological constraints... You know, to say that we are much more recent than we think isn't a way of taking the whole weight of history on our shoulders. It's rather to place at the disposal of the work that we can do on ourselves the greatest possible share of what is presented to us as inaccessible. (Foucault, 1988d, p. 156).

The kind of mapping out of discourses that Foucault envisaged holds out the very real prospect of transforming our understandings of the world. It is, in this sense, a very practical form of criticism.

## 2. The Validity of the Field in Addressing a Deployment

Discourse remains a central element in the formation of a deployment. But how is discourse to be analysed and constituted for the researcher, and then linked to an ensemble of practices and other phenomena, particularly in a field as empirically detailed and complex as auditing? In his own work Foucault relied on written texts:

Henceforth, the visionary experience arises from the black and white surface of printed signs, from the closed and dusty volume that opens with a flight of forgotten words [...]

[...] fantastic is no longer a property of heart, nor is it found among the incongruities of nature; it evolves from the accuracy of knowledge, and its treasures lie dormant in documents. Foucault, quoted in (Bernauer, 1988, p. 90)

For him the analysis of documents was central to tracing the discursive rules within which human subjects go about their lives. Many of his topics, such as punishment in the eighteenth and nineteenth centuries, or the development of sexuality in ancient Greece and Rome, could only be studied by reference to documents or other artifacts. But the thoughts and ideas he sought to trace could equally be found in regularities of discourse in contemporary statements, a belief that was emphasised in his focus on the rules of discursive formations.

He believed that these rules are embodied just as much in the most recent as in the most original statement (Gutting, 1989). His central concern was not texts themselves, but was rather the thought underlying our understandings and actions—this was made quite clear in the introduction to some of his last published work:

‘Thought,’ understood in this way, is not, then, to be sought only in theoretical formulations such as those of philosophy or science; it can and must be analyzed in every manner of speaking, doing, or behaving in which the individual appears and acts as a subject of learning, as ethical or juridical subject, as subject conscious of himself and others. In this sense, thought is understood as the very form of action—as action insofar as it implies the play of true and false, the acceptance or refusal of rules, the relation to oneself and others. The study of forms of experience can thus proceed from an analysis of ‘practices’—discursive or not—as long as one qualifies that word to mean the different systems of action insofar as they are inhabited by thought as I have characterized it here. (Foucault, 1984b, pp. 334–335)

The discourse underlying our apprehension of practices can be used to analyse practices or ‘systems of action’ themselves. Foucault’s belief that discourse can be identified by reference to a wide variety of sources is of central importance. He points to the significance of speech, action and behaviour as indicators of an individual’s conception of himself “as subject of learning, as ethical or juridical subject, as subject conscious of himself and others” (Foucault, 1984b, pp. 334–335). Speech, action and behaviour provide windows into an individual’s thoughts and the discourses on which they draw.

Foucault’s later work suggests that theoretical reconfiguration is in order. Prior Foucauldian accounting research has been seen to focus on knowledge and ideas expressed through discourse. But Foucault argues that knowledge and ideas inhere in *actions* since considered actions form systems of action which are themselves representative of systems of thought, i.e., discourses (Foucault, 1984b, pp. 334–335). Systems of thought may be tracked either through their expression as sets of statements (discourses) or as systems of action.

Ideas and knowledge inhere in action since discourses set out the grounds both of reasonable, acceptable statements, and of reasonable, acceptable action. In other words, both statements and action are constrained by "the play of true and false, the acceptance or refusal of rules, the relation to oneself and others" (Foucault, 1984b, pp. 334-335). These same considerations provide systematisation and coherence to both statements and action. Since action is informed and guided by discourse, it follows that action may be used to study discourse.

### 3. Auditing and the Deployment

I believe that Foucault's later work suggested a willingness to make recourse both to documents and to observation in the field. I argue that both are useful in making sense of the development and operationalisation of expanded auditing mandates. From a practical point of view there simply is not enough written material to begin to address the specifics of how such audits are developed, carried out, and understood. Time is unlikely to remedy this situation, for there are elements of the auditing activity that, though they are significant, in that they influence both understanding and outcome of audit, are simply not written down. Because of this, many social dimensions of the audit, and of practitioners and other's understandings of it would be lost with a focus on text.

My research studies the development of expanded auditing mandates, with reference to a Canadian province. Consider the levels at which analysis might be attempted. Public, political debate is fairly easily traced by reference to the press, to archives and to transcripts of legislative debates. Use of these sources might well further the development of political rationalities and their discursive translation into programmes. This could be seen as the conventional Foucauldian approach to addressing the role of discourse in accounting. But there are many steps beyond the level of public and political debate. Legislation, and the creation of revised mandates, offer a fairly rarefied view of the actual operationalisation of these mandates. Their functioning may not involve linear mapping from text to operationalisation.

The Canadian Public Sector Accounting and Auditing Board (PSAAB)<sup>21</sup> of the Canadian Institute of Chartered Accountants issues guides as to how expanded auditing mandates can be dealt with. Consider what is involved in some of their key standards:

The work should be adequately planned and properly executed. Audit team members should be properly supervised.

[...]

Criteria for evaluating the matters subject to audit should be identified and the auditor should assess their suitability in the circumstances.

[...]

There is no body of generally accepted criteria for all aspects of value-for-money auditing. Criteria may be developed from various sources, including:

- legislation or policy statements;
- standards of good practice developed by professions or associations;
- statistics or practices developed within the entity or among similar entities;
- and
- criteria identified in similar value-for-money audits.

(PSAAC, 1988, paras. .17, .24, .26)

A whole range of decisions and discussions must take place in order for these standards to be met. Their application to particular areas of activity depends on, *inter alia*, the technologies involved in that area of operation, the auditing techniques available, and the development and use of auditing standards. Consideration of the assembly of ideas and technologies required to make this form of auditing possible suggests that it may be understood as a deployment.

## E. THE TASK AHEAD

This chapter has provided an overview of certain Foucauldian influenced work in accounting, and has considered aspects of Foucault's own work. I have mapped out various analytical categories and have emphasised the links which

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<sup>21</sup> Until recently titled the Public Sector Accounting and Auditing Committee (PSAAC).



Foucault drew between systems of thought (discourses) and systems of action. I draw on this work next in analysing the particular, local history of the expansion of government auditing mandates in a Canadian province. I then apply this analysis to elements of the operationalisation of these mandates, as evidenced in fieldwork.

My concerns with a local history of the reform of government auditing centre around the question of how auditing came to be about efficiency in the Province of Alberta. In developing a response to this question, informed as it is by Foucault's concerns with local history, intellectual transformations and the mechanics of government, I address the discursive fields that allowed for (and promoted) the confluence of auditing and efficiency in Alberta in the 1970s. I do so with respect for the local dimensions of this transformation, although I would suggest that similar processes would be witnessed elsewhere as auditing practice is transformed.

Next, I address the issue of how Alberta's expanded auditing mandates were operationalised. At a theoretical level this question develops from a mindfulness of Foucault's concerns with linkages between discourse and action, and with Miller and Rose's related analysis of movement between political rationalities, programmes, and their ultimate expression in technologies. For myself, these theoretical concerns are combined with a continuing interest and curiosity regarding transformations in accountancy practice (Radcliffe, 1989). In addressing the technological I draw significantly on the discursive articulation of technologies in the field. Following Foucault's emphasis on the role of knowledge, I address the roles of practitioner knowledge as itself providing technological means for the conduct of efficiency auditing. As earlier discussed, part of this interpretation came from my earlier reading of this theoretical material, while part came from my changed appreciation of the significance of links between the discursive and the technological. As Jönsson and Macintosh (1994) suggest, I used ethnographic work to better understand the world, and to influence the theoretical discussion detailed here.

There has been criticism of ethnographic research, on the grounds that it is often conducted with an inadequate theoretical base. Ethnographers counter that much ostensibly critical research is itself significantly lacking in self

reflection: the answers are always given *ex ante* by the theoretical framework employed (Jönsson & Macintosh, 1994, p. 4.6.24). Jönsson and Macintosh suggest a potential middle way, in which ethnography is broadly informed by critical theory, but is still centrally concerned with matters of interpretation. They argue that the product of such analysis can be the kind of descriptions that Popper (1978) envisaged as part of a 'third world' of objective contents of thought, such as theoretical systems, problem situations, problematisations and critical argument (Jönsson & Macintosh, 1994, p. 4.6.30).

While generalisation from one case to populations as a whole may not be possible (Kohler Riessman, 1993), ethnography may present opportunities to reinterpret theoretical claims, identifying problems with current knowledge. Theoretically situated ethnographic work can broaden the influence of ethnographic accounts by demonstrating their relevance in theoretical terms. I hope that ethnographic inquiry ultimately enriches theoretical dialogue (Jönsson & Macintosh, 1994). This is the kind of development that I hope for in using ethnographic research to examine the operationalisation of efficiency auditing later in this dissertation. In the next chapter, however, I first attend to the history that underlies contemporary events.

### III. Rationalities & Programmes: A Reformed Auditing in Alberta

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#### A. INTRODUCTION

Review of earlier theoretical work suggests that the concerns of modern government for improvement, refined administration and the like first find their expression as generally stated political rationalities, and are then matched with more detailed plans for intervention. I use these insights to understand developments in one specific jurisdiction, to understand how auditing came to be about efficiency. The development of a reformed auditing could have been examined in another context, indeed, my earlier review of the history of 'efficiency' auditing's being adopted by a variety of governments in recent times would suggest a number of sites from which this inquiry might take place. Each site would have its own specific concerns and inflections (Burchell et al., 1985; Miller & Napier, 1993; Robson, 1993), but each, it seems, would draw on aspects of a common articulation of auditing and accounting knowledge as a source of improvement and change (Hopwood, 1984; Hopwood, 1988a). Accounting and auditing knowledge has increasingly been deployed in diverse arenas, in both the public and private sectors (Broadbent & Guthrie, 1992; Hopwood, 1988a). Claims for accounting and auditing's potential have been ongoing in many different national and institutional arenas. Here we have a chance to examine the expansion of the domain of auditing knowledge in one location, and consider the thoughts, ideas and appeals that encouraged such events.

At this stage, I address my first research question, 'How did auditing come to involve efficiency?' I develop a response based on analysis of events and debates that allowed eventual reform of government auditing in Alberta. Examining the history of efficiency auditing in Alberta in addressing question one, and a study of the operationalisation of efficiency auditing in Alberta in addressing question

two, allows for an empirical coherence that would not otherwise be possible due to limited research resources.

I begin the chapter with a review of the social and political background to efficiency auditing debates in Alberta in the 1970s. I do this because of the specific cast that this background brought to political rationalities which influenced consideration of auditing. I analyse the political promotion of efficiency auditing as Albertan politicians took up the cause of audit reform. I find that calls for reformed auditing in Alberta were initially modeled on a more aggressive auditing seen in the Federal Government of Canada, although Albertan programmes were then influenced by local concerns. With this in mind, I attend to discourse regarding the presentation of parties, the problematisation of government activities, and expectations of government auditing. I address the coalescence of political rationalities and programmes for reform as part of the climate of opinion of the time.

After initial debate in Alberta during the late 1960s and early 1970s, there was significantly less public discussion of efficiency auditing in the mid 1970s, until the issue re-emerged with the enactment of the Auditor General Act in 1977. I argue that between 1971 and 1977, as public debate subsided, together with the earlier concerns that had fed this debate, experts were left to pursue efficiency auditing as an ideal (Miller & Rose, 1990). I attend to the models that guided detailed exposition of a programme for revised auditing in Alberta, and examine the influence of expertise on this programme, after earlier political rationalities had faded and been replaced by what were then more contemporary concerns. Professional expertise is seen operating in the development of reports concerning efficiency auditing, and in re-interpretation of what government auditing should involve. I examine the models used in formulating Alberta's Auditor General Act, and consider the role of auditors in constructing their own mandate. To pursue the analysis presented in this chapter, I review party platforms, political campaigning, legislative debates, and the framing of legislation using both primary and secondary accounts. These include contemporary documentary sources, and interviews with senior Treasury, Legislative, and Audit officials charged with developing the Auditor General Act, and with a former cabinet minister who had particular

involvement in these events. This combination of documentary and interview analysis provides insight into the discursive climate that conditioned audit reform.

## B. HISTORY OF THE PRESENT

### 1. Overview

Accounting historians caution against present mindedness in thinking of the past (Previts et al., 1990). This presents the danger of analysts superimposing contemporary values and ideas in retrospective interpretation of events. The concerns of another time, even one as comparatively recent as twenty years ago, may be influenced by a complex series of interactions amongst discursive and other domains. In this section I consider social and political developments in Alberta in the 1960s and 1970s, as a background to the articulation of calls for change in government's management and administrative practices. I examine the introduction of auditing to these more general calls, and attend to the promotion of auditing as a specific means for improvement. Debates in other jurisdictions, and their flow into Alberta, are understood as highlighting the idea of an expanded form of auditing, and thereby influencing a growing consensus for reform.

While rapid social change had occurred in the province of Alberta, government had largely remained wedded to Alberta's rural roots. Changes in government were to occur, as political debate became focused less on government policy, and more on the effective management of the province's affairs. These debates were very significant for the local articulation of concerns for efficiency auditing. To understand the ideas of the time, it is important to understand that there was a confluence of both local and more general concerns, and that this confluence made audit reform attractive at a number of levels.

### 2. Understanding Alberta in the 1960s and 1970s



Though plans for a reformed auditing in Alberta incorporated certain ideas seen in other jurisdictions (including, for example, a veneration of 'modern' management, broad appeals to efficiency, improvement, etc.,) these dimensions were themselves framed by local, Albertan concerns. The question of how auditing came to be about efficiency can not be fully understood without an appreciation of the specific circumstances that allowed more pervasive ideas to take hold in this particular setting.

Government auditing has been reformed in a variety of jurisdictions, each with their own concerns. While common issues and ideas may be envisaged, these are often inflected, and given special meaning and significance, by local circumstance. Analysis that fails to attend to these details may miss important influences in the constitution and development of auditing practice. For while one may discern general changes in auditing regimes, an understanding of these developments is limited if it does not address the specific means by which these regimes were developed, the local concerns that influenced their appeal, and the particular constellation of factors that came to influence events (Burchell et al., 1985; Burchell et al., 1980; Miller & Rose, 1990).

It is with these concerns in mind that I attend to the political and social concerns of the time in Alberta, and the way in which these influences developed a space for the construction of a revised auditing. Analysis of accounting may at times become accounting-centric, placing accounting or auditing issues at the centre of public life (Lehman & Tinker, 1987; Tinker et al., 1982). Often this will be the result of an inadequate appreciation of the issues of the time, and of the context surrounding an event. While capital markets researchers and other quantitative analysts run the risk of misunderstanding history through present-mindedness or ignorance (Previts & Bricker, 1994), the same applies to researchers concerned with the social world.

Cautions regarding present-mindedness and accounting-centricity are important in understanding events in Alberta in the 1970s. For government's interest in contemporary management techniques such as auditing, was itself much influenced by a quite specific political environment. A long standing Social Credit government was being challenged by a nascent political party, the Progressive Conservatives, not on the grounds of ideological or policy

differences (both parties were of the centre-right, and publicly acknowledged that their policy differences were immaterial) (Short, 1971; *The Edmonton Journal*, 1967c). Instead, debate centred on a depiction of government as an administrative matter, with the key opposition party (and later, government) staking its claim in managerial terms.

Alberta had been governed by the Social Credit party since it gained power in 1935 during the great depression (Watkins, 1980). In Alberta, Social Credit involved deep suspicion of what was seen in the west as 'Eastern Canadian money power.' The widespread farm foreclosures and misery of the depression brought despair to many in the developing west of Canada, while financial institutions, based in Montreal and Toronto, appeared removed from western concerns (Palmer & Palmer, 1990). Albertans were offered hope by a Social Credit philosophy which promised a reformed financial system, together with payments from the provincial treasury to each resident of the province. Central to this was Social Credit's commitment that these payments, termed a 'national dividend,' would come from provincial revenues, and the use of discounts to buyers and provincial subsidies to sellers to enable consumers to obtain goods at or below the cost of production (Watkins, 1980, pp. 118-119). Social Credit offered an impoverished people a primitive yet appealing solution: apparently free money.

Social Credit negotiated with the United Farmers of Alberta, the government of the day, hoping that the government would adopt Social Credit's policies. On rejection, the movement contested, and won, the 1935 provincial election. They would remain in power until 1971, and the election of the Progressive Conservatives (who have enjoyed uninterrupted power in Alberta ever since). The national dividend that Social Credit first promised would never be delivered; over time much of the original philosophy would be jettisoned.<sup>1</sup> But

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<sup>1</sup> In government, Social Credit would present themselves as a party of free enterprise and reliable government (Finkel, 1986) making frequent appeals to individualism, anti-unionism and cold-war rhetoric. The movement was later resolutely opposed to socialism, but retained elements of its traditional social concern for the disadvantaged, with the creation of comparatively generous social programs (Palmer & Palmer, 1990). While Social Credit's earlier radical character had brought the acknowledged support of Socialists and Communists

the fact of Social Credit in government, and the eventual shift of power to the Conservatives, was fundamental to any understanding of the specific attractions of efficiency auditing in Alberta in the 1970s.

Though the province of Alberta had undergone dramatic changes after the second world war, government had remained in the hands of Social Credit (or the 'Socreds,' as they became known). Yet over this period the province had changed greatly. From the 1950s on, Alberta had enjoyed substantial economic growth after a series of major oil discoveries. Growth in oil production (and provincial oil royalty revenues) occurred rapidly; between 1946 and 1956 production grew from 7.7 million barrels to 143.7 million. Economic growth would transform the province over time.

#### *a. The Political Implications of Social Change*

These developments meant that the province of Alberta experienced tremendous social change. Increased prosperity brought increased migration; between 1946 and 1961 the province's population increased from 803,000 to 1,332,000, with 13% of this growth flowing from net migration. Oil brought transition of the economy from a predominantly agricultural base to an advanced urban economy: between 1946 and 1971 the cities of Edmonton and Calgary quadrupled in size, and were among the fastest growing cities in North America. The economy's growing requirement for highly educated employees influenced the growth of the province's institutions of higher education: the enrollment of the University of Alberta alone grew from 5,000 to 17,500 between 1959-1969 (Palmer & Palmer, 1990, pp. 302-303).

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in the 1930s; by the 1960s this radicalism had long been abandoned (Finkel, 1986). Social Credit had secured business support, and had moved considerably beyond its original distrust of 'money power,' as was evidenced by former Premier Ernest Manning, who, within two months of resigning office, became a director of the Canadian Imperial Bank of Commerce, one of Canada's largest banks (Watkins, 1980, p. 203).

While this economic and social growth meant that Alberta had increasingly drawn young professionals, and had developed a more urbanised, educated population, the Socreds were less changed. Their leader (and the provincial Premier) from 1943–1968 was Ernest Manning, former assistant to Aberhardt, the movement's founder. He was surrounded by Members of the Legislative Assembly (MLAs), who were marked by their political roots in depression era, rural Alberta. The Social Credit cabinet comprised of school teachers, farmers and small business men from rural areas. These were very much the movement's roots: its founder had himself been a teacher and evangelical preacher, and he had recruited many colleagues in the 1930s.

The province had moved considerably beyond the rural dependence which had fostered Social Credit. Social change provided opportunities for the development of new political forces. In the 1960s and early 1970s the Socreds faced political challenge from the Progressive Conservative party. The social contrast between the Conservatives and the Socreds seemed stark, as the Tories better represented the new, urban, middle class. In 1969, the then Social Credit MLAs averaged fifty four years old; sixteen were aged sixty or more. The six opposition Tories had an average age of forty years (Watkins, 1980). While the Socred's allegiances were to the old Alberta, the Tories came from the urban centres spawned by massive economic and social change. Of the seventy five Tory candidates in the 1971 election, twenty eight were from the professions, including eleven lawyers; fifteen were from business (Palmer & Palmer, 1990, p. 324).<sup>2</sup> These candidates had been drawn to a new conservatism; while Social Credit had apparently failed to appeal to many in the developing urban population.

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<sup>2</sup> The Tories would later characterise Social Credit as 'the establishment,' and would cast themselves as 'outsiders.' The Socred cabinet in 1967 comprised of teachers (38%), farmers (19%) and small business men (13%), predominantly from rural areas (88%) (Palmer & Palmer, 1976). By contrast the professions were well represented in the Tories' ranks (Palmer & Palmer, 1990); their leader was himself Calgary's first third generation lawyer, and had attended Harvard Business school (which provided analytically significant exposure to the ideas of contemporary management) (Hustak, 1979, pp. 44–47).

The Conservatives' campaign for power would critically influence the course of government auditing in the province, as efficiency auditing was framed as part of their wider programme for reform. In Alberta, the Progressive Conservatives would develop a link between auditing and efficiency.

### 3. Political Rationalities and the Management of Government

By the 1960s, both parties presented centre right platforms, supporting free-enterprise, low taxation, and the development of Alberta as a province. Their platforms were so similar that a leading Socred would comment that the differences between the Tories and Socreds were "largely rhetorical and illusory" (Canadian Press, 1967). In response to a Conservative call for an election debate in 1967, the Socreds suggested that the Tories should instead support Socred candidates; the then Socred premier believed that their doing so would "make a far greater contribution to Alberta's best interests" and lead to their "refraining from dividing the political strength of citizens whose ideals and goals are comparable" (The Edmonton Journal, 1967c). Later the Premier would comment that

Frankly I find it hard to pinpoint any sound reasons why genuine, small-c conservatives should want to oppose the government candidates in this election.

I find that we are in complete agreement on almost every major issue which concerns the continued progress and development of this province in the interests of its people. (The Edmonton Journal, 1967b)

This similarity between the two parties presented the Conservatives with problems.<sup>3</sup> They had to present themselves as a viable, reliable alternative to the governing Social Credit party, which through its long office had established a

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<sup>3</sup> The Leader of the socialist New Democratic Party, then unrepresented in the Legislature, would refer to the Progressive Conservative and Social Credit parties as "the Tory twins" (Palmer & Palmer, 1976, p. 129); later the NDP would liken the choice between the Socreds and Tories to that of "strychnine and arsenic" (Short, 1971).



reputation as a sober and responsible government (a reputation that the Socreds would eagerly present in the face of a Conservative challenge) (Finkel, 1986; Palmer & Palmer, 1990). Local political discourse was dominated by a view, that had been re-inforced by the Socreds, of government as an especially serious matter, calling for probity, responsibility and competence. In this environment, the Tories were vulnerable to a perception that they were untried and therefore risky, and might upset Alberta's relatively stable government. The question for the Tories was how they could be sufficiently differentiated to appear attractive and different, while embodying the stability and reliability with which the Socreds were associated. The Conservatives, while sharing the centre-right philosophy of Social Credit, began to stake out their claims to power in terms of managerial competence.

This was a potentially difficult approach for the Tories. Although for some voters the Socreds were still associated with "monetary crankism, fundamentalist religion and rural Alberta" (Palmer & Palmer, 1976, p. 125),<sup>4</sup> the movement's promotion of radical economic reform had faded since the 1930s (Finkel, 1986; Palmer & Palmer, 1990). They were widely seen as providing good government; indeed, they had been in office so long that they had come to be seen as the natural party of government (Palmer & Palmer, 1976, p. 123). Faced with the Socreds' image of administrative success, the Tories began to challenge this representation, introducing the idea of Socred rule as a 'myth of performance' (Serfarty, 1981), and questioning the exposition of Socred reliability. At the same time they set about presenting themselves as a responsible but contemporary, alternative government that was managerially superior (Serfarty, 1981). I later develop the themes of *management competence*, and appeals to *contemporaneity* in considering the party's platforms in the 1971 provincial election, to further explore the discursive attractiveness of an auditing

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<sup>4</sup> Though the province's urban growth had brought increasing secularity to the province, Social Credit had maintained its religious base; as Premier, Manning continued to present his predecessor's evangelical radio program, 'Back to the Bible Hour' (Palmer & Palmer, 1990).

for efficiency. For now, I attend to the Tories' first exposition of efficiency auditing.

*a. An Emergent Political Rationality*

In a setting of changing political and social dynamics, political rationalities became reconfigured in terms of management. This shift was of central importance in the Conservative's interest in auditing, and in the generation of a political will to address the expansion of auditing mandates. Efficiency auditing would become attractive as one part of the Conservative's presentation of themselves as a managerially competent group.

It is important to note that the idea that government could focus on administration rather than 'policy' had antecedents in Alberta's political history. Because of this, a focus on administration and an avoidance of seemingly partisan policy conflict found special resonance in the province. There was a widespread belief that government could be a 'business government,' concerned simply with the (allegedly unitary) business of the people, rather than with what was presented as party doctrine. Such ideas had been the foundation of an earlier political movement, the United Farmworkers of Alberta (UFA), which had governed Alberta from 1921 until Social Credit's election in 1935. The UFA had campaigned on a platform of an end to partisan politics, (referred to as 'partyism'); the movement endorsed direct legislation, denounced the caucus secrecy and cabinet rule associated with parliamentary government, and wanted legislators to vote freely, without party interference (Palmer & Palmer, 1990).

Local discourse regarding government would follow this tradition in continuing to avoid reference to the 'political' in the late 1960s. Manning, the Social Credit premier, would speak of the provincial legislature as a 'board of directors,' drawing on the language and models of the private sector in presenting Albertans as having the more common interests of private shareholders. For the Conservatives, their leader, Peter Lougheed, would promote parliamentary reforms allowing an expanded role for MLAs, including more free votes, public meetings of legislature committees, and the televising of legislature proceedings (Serfarty, 1981). The Tories would continue to avoid

outright confrontation with the government. As one observer of the time commented, "The oddest feature of Alberta politics is the politicians' own dislike of 'politics.' They all flee from it like the plague, or at least try to give that impression" (Barr, 1967a). These discursive rules effectively set out what it was possible for politicians to say. One consequence was that they made an appeal to superior administration considerably more palatable than direct conflict over policy.

Efficiency auditing would become wrapped up in the Conservative's concerns to position themselves as an alternative government without appearing to be doctrinaire. Prior to the 1967 election, in which the Tories mounted their first real challenge to Socred rule, the party published what were termed twelve 'guideposts' to Conservative policy. They addressed a wide range of issues, such as the relationship between the Federal Government of Canada and the Provinces, a need for long range planning, and the development of natural resources. The guideposts were meant to re-assure the Alberta electorate that they need not fear the Progressive Conservatives, since a vote for them would be a vote for 'safe' change (Barr, 1974, p. 218; Serfarty, 1981, pp. 59-60). In one of these guideposts the Conservatives committed themselves to a different form of financial management, one which was geared to a province that at the time enjoyed rising oil wealth:

We believe in full disclosure of provincial financial affairs and in the concept of putting money and resources to work for improvement and development. We consider unnecessary hoarding of surplus funds as a lack of progress. (The Edmonton Journal, 1967a)

As yet the Tories would not incorporate efficiency auditing into their platform; this would come later. But what we see by the time of the 1967 provincial election is the early presentation of the party as managerially competent, committed to forward looking financial and administrative technique. As one 1967 candidate, (later to serve as cabinet minister and then provincial premier in the 1980s) would put it, while he did not disagree with Social Credit on any significant policy issue, the government was dull, full of

"tired hacks and mediocrities" and as a consequence Alberta politics lacked energy and style (Barr, 1967b).

The outcome of the 1967 election was a foregone conclusion: Social Credit remained strong, and the Conservative opposition gained only a foothold in the legislature, winning six of sixty-five seats (Howitt, 1967a). But the election had indicated important aspects of Conservative strategy. These elements would be built on as the Conservatives sought to present themselves as an alternate party of government, ready to assume power in the next election. Their early success in presenting themselves as a competent and uncontroversial alternative brought praise even from their opponents: Premier Manning himself commented that the Tories would be "a constructive opposition" (Howitt, 1967b). The Tories had begun to develop their attractiveness through keen awareness of, and appeal to, the discursive representation of Alberta politics. They would continue to represent themselves as a progressive and responsible group, eager to innovate while preserving what were seen as Social Credit's achievements (Serfarty, 1981).

### *b. Discussion*

To this point I have presented a view of a socially changed province in the late 1960s that had continued to be governed by a party whose roots were in a different era. As political challengers, the Progressive Conservatives faced a number of difficulties in campaigning against a long-standing government, not least their own inexperience in power. This perception that a vote for the Tories might be a risky vote was exacerbated by the provincial conception of government as a non-partisan activity, as typified in the idea of the 'business government,' a perspective which encouraged parties to present themselves as sober, reliable groups.

Although this discursive background drew on concepts that we might find in other jurisdictions, this specific historical arrangement was both local and particular to Alberta. Its importance in understanding how auditing came to be about efficiency is as a more general climate of ideas and rationalities that fostered specific programmes. Although there were contradictions in the

Socred's depiction of government as an administrative, non-partisan matter, in which reliability and responsibility were paramount, the Tories had chosen to go along with the idea of a 'business government,' and mount their challenge on this ground. Their challenge therefore centred on their own claims to managerial dexterity and skill; their working with these claims was of prime importance in the development of efficiency auditing. For while the 'origins' of a Canadian interest in efficiency audit in the late 1960s seemed to lie elsewhere, Alberta's specifically articulated political rationalities regarding the management of government would mean that proposals and programmes such as efficiency audit would have unique appeal within the province.

#### 4. The Discursive Appeal of Auditing: Emergent Programmes for Intervention

I now outline increasing concern with government auditing, as manifested in the Federal Government of Canada. The origins of any one idea are by no means certain, and the search for such origins may itself be questionable (Foucault, 1972; Gutting, 1989). I attend to Federal debates not as part of a quest for the roots of an idea, but rather because of the apparent role of Federal debates in injecting a concern with auditing into Albertan political debate in the 1960s. This role has been indicated in research interviews by a former Alberta cabinet minister who was heavily involved in the first articulation of a reformed auditing in Alberta, and has been confirmed in a series of interviews with then very senior provincial government officials, charged with the development of auditing legislation. My research has revealed that Alberta's Auditor General Act, 1977 was itself largely based on the report of a federal review committee concerning efficiency auditing. I argue that to make sense of this and understand the development of a reformed auditing, it is important to attend both to the wider political discourses that made audit reform attractive, and to the expert discourse that fleshed out the programmatic and made reform possible.

##### *a. A Developing Federal Model*



The Government of Canada had increasingly been concerned with management issues in the 1960s. It was as part of this concern that it had established a Royal Commission on Government Organization in 1962. The Glassco Commission, as it became known, was to influence government auditing in unexpected ways. It recommended the devolution of authority from central agencies to operating departments, with a goal of improved administration and accountability. The Commission further called for an implementation of a planning programming and budgeting system, and for reform of both the government's estimates and the public accounts so as to better communicate financial information (The Canadian Comprehensive Auditing Foundation (CCAF), 1987). These measures were intended to improve the administrative efficiency of government operations. In research interviews conducted over the course of this study, then senior civil servants and auditors involved in audit reform in Alberta have pointed to the role of this commission in shaping their own perceptions of government at the time. Among these experts, Glassco was understood as setting the scene for the federal audit reports that followed, partly by altering the norms and expectations of government administrators, and by using the profile of government as an entity to be pro-actively managed.

In making these recommendations the Commission drew on the management knowledge of the day; in this sense the report was hardly extraordinary. But there were unintended consequences of the Glassco report. Though auditing was a small part of the scope of the report, the then Auditor General of Canada pursued the Commission's recommendations aggressively in the late 1960s and early 1970s, with audit reports which criticised the government's financial information, budgeting and performance reporting mechanisms, and financial controls. In this sense, auditors took the lead after the Glassco commission. Central agencies were criticised for their failure to provide both the leadership and the performance information that Glassco had envisaged, and Departmental managers were criticised for their failure to implement centrally established policy (The Canadian Comprehensive Auditing Foundation (CCAF), 1987).

In the 1960s an emboldened Auditor General also began to report on what were termed 'non-productive payments,' which were held not to have produced any public benefit; these reports were made with the approval of the Public Accounts committee (Sinclair, 1979, pp. 60–61). A variety of revelations followed, including reports of government losses due to a long-standing practice of holding \$100 million with chartered banks without gaining interest, significant losses due to theft, and, perhaps the most sensational, the refit of HMCS Bonaventure, an aircraft carrier. Authorised in 1965 for a total cost of \$8 million, the Auditor General reported in 1968 that the cost had escalated to \$13 million.<sup>5</sup> The affair was highly embarrassing to the government (Sinclair, 1979). Later the *Toronto Globe and Mail*, an influential newspaper, would regularly publish the Auditor General's non-reproductive payments investigations under the title of "Horrible Stories," highlighting, for example, that the air force's supply of a certain light bulb would last 250 years, that the army's stock of overalls would last ninety-seven years, and that the navy's inventory of certain underwear would last for a thousand years (Sinclair, 1979, p. 68).

These audit reports were very influential in shaping public debate. The idea of inefficiency in government played to general concerns of government wastefulness, and provided public speculation with apparently impressive empirical support. The Auditor General's reports would be referred to in newspaper editorials as "a real breath stopper" and as revealing "Incompetence, wastage, illegality, bungling, a total contempt for the taxpayer" (Sinclair, 1979, pp. 61–63). The heightened prominence of audit activity would allow the work of the Federal Auditor General to become a showcase for auditing's potential and a model for audit reform (Hopwood, 1988b). As provincial politicians considered the state of their own jurisdictions, they would consider auditing as a means to highlight inefficiency in ways that would not have been immediately apparent without the influence of the Auditor General of Canada's reporting.

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<sup>5</sup> These costs included such items as medicine cabinets being repaired at a cost of \$258 each (new ones cost \$50).

*b. Administrative Possibilities and Political Rationalities in Alberta*

It was in the context of an increasingly aggressive Federal Auditor General, and the publicity this attracted, that the Progressive Conservatives in Alberta first began to examine efficiency auditing. After the 1967 election, the Conservatives had formed the Official Opposition in the Legislature. As part of their attempts to build their presence and to show voters what they might do when in power, the Tories had begun to present a series of bills in the Legislative Assembly. Of course, as opposition bills, these documents had no hope of ever becoming law. But what they did do was set out a Conservative agenda; the Tories' leader himself stated that the bills focused on what the Tories regarded as key areas of policy (The Edmonton Journal, 1971b). For a party concerned to prove itself as a potential replacement for the long governing Socreds, it was important to demonstrate a capacity to govern. As Lougheed commented, "The ten man Tory opposition does not intend to act merely as critics of the Legislature, but as an alternative government" (The Edmonton Journal, 1971b).

It was as one of these bills, the 'Taxpayers' Protection Act,' that audit reform first found detailed expression in Alberta. While Socred financial management was widely represented as solid, the idea of a revised auditing allowed the Tories to present themselves as forward thinking financial managers, abreast of the latest management technique. Auditing was no longer a dry or abstract activity as the Tories spoke of it; rather, it had the potential to become a powerful source of intervention for the individual against government: auditors could be agents of 'taxpayer protection.' The source of these ideas was made clear by Lou Hyndman, the Tory member (and later provincial cabinet minister) introducing the bill:

In establishing the office of the Auditor General of Alberta, this important Act materially expands the functions of the present Provincial Auditor *and reflects the purpose and scope of the office of the Auditor General of Canada*. The broad purpose of the Act is to establish an objective and independent office of the Auditor General responsible directly to the Legislature to protect the

taxpayers of Alberta and to ensure that their tax moneys are being properly spent and to ferret out needless expenditure of those moneys.

Specifically, Mr. Speaker, the purposes of the Bill are to ensure that all government expenditures have been properly authorized, to uncover and check waste and needless expenditure, to establish a public watchdog respecting the collection and allocation of tax revenues, and to ensure that special warrants have met the criterion of being urgently needed for the public good. (Alberta Hansard, 15 March 1971, p. 549, emphasis added.)

The Tories' idea of an improved government auditing was directly drawn from the more aggressive auditing that had highlighted apparent management failures at the federal level. Auditors both problematised government operations, and implicitly promoted themselves as professionals able to diagnose such problems. This problematisation of government provided a space for the expansion of professional practice, mirroring the problematisations of other professional groups, and politicians' increasing recourse to professional expertise (Miller & Napier, 1993).

The problematisations in this case are less than straightforward. At the time of the Albertan Tories' initial proposals for audit reform, the Auditor General of Canada was allowed simply to report 'non-productive expenditures' (Sinclair, 1979). An express mandate to audit for efficiency would only be given to the Federal Auditor in the late 1970s. Nevertheless, the Taxpayers' Protection Act indicates that the association had already begun to be made. By the early 1970s, auditing was understood by some as an investigative practice, designed to uncover inefficiency. As a result, the bill proposed that the Auditor General should form an opinion as to whether there was any waste or needless expenditure within government, and should report on every case in which this was found. Related clauses called for reports on employee negligence in the collection of public funds, and certain other matters (The Legislative Assembly of Alberta, 1971).

It would be wrong to consider this as an original proposal. To the Conservatives of the day, a small opposition with minimal research support, the bill simply represented what had come to be seen as the cutting edge of auditing work, as promoted at the federal level. It is this perception of the federal

government as a model, together with the particular attractions that a revised auditing had for Conservatives in Alberta, that is most interesting in this bill. The presentation of auditing at the federal level as a pro-active, revelatory process in which government inefficiencies were rooted out and brought into view had changed certain perceptions of auditing. The conclusion for some was that an Auditor General, modeled after the Auditor General of Canada, was required. As Peter Loughheed suggested, prior to the introduction of the Tories' proposal, such an auditor would serve as "an additional force in exposing government inefficiency" (The Edmonton Journal, 1971d).

In conducting my research I have been able to interview Mr. Lou Hyndman. It is impossible to fully reconstruct the political environment that first fostered an interest in efficiency auditing in Alberta, but Mr. Hyndman's position in framing the province's first exposition of efficiency auditing prior to reform, and his later service in cabinet as Minister of Federal and Inter-Governmental Affairs and later as Provincial Treasurer, makes him particularly able to provide insight into the considerations of the time. One of the first issues would seem to be why the Conservatives were interested in auditing at all, and why this specific form of auditing should be understood as a form of 'taxpayer protection.' Mr. Hyndman offers this response:

At the time the feeling was that,... we were a very small opposition, we had to try to build some sort of public profile, and we were trying to do that all the time, come up with good ideas. And so we concluded at the time that the word audit was one which was unknown in 99% of the population. People wouldn't know what it was, they didn't know, or have any sense that it was a good idea or a bad idea, and you had a large education process, unless you were talking to students of accounting, as to what this was about. So we said, let's try to reduce this. [...] So we thought that really what this boils down to is that there are tax moneys, taken from corporations and from the pockets of Albertans in personal tax, and they're going out and being spent by government, in a whole host of ways. And it's for the protection of taxpayers who are earning this money, that they should be able to feel it's being intelligently, wisely spent, and the moneys are being spent for the purpose for which they are intended in the legislation. So let's call it the Taxpayers' Protection Act.



So in that way it was a communications tool, that was thought to be much more effective in getting people to look at what was in the rest of the bill, and also in getting—because at that stage of course an opposition is always interested in being reported on what it is proposing—its very difficult to do when you're six versus forty-nine [Members of the Legislative Assembly]. So we thought that media folks, who are generalists, there's no auditors in the media, or very few, we thought we could explain it to them better, and people might say, "oh, that's a reasonably bright idea that those Progressive Conservatives have, and maybe we'll have another look at them at the next election."

At this stage the idea of efficiency auditing was not elaborated in detail—in our interview Mr. Hyndman would reflect on the Taxpayers' Protection Act as important, but yet to reach full exposition. With a modest research staff the extent to which the Conservatives could state their ideas was limited, but nevertheless,

we thought that it was of significant importance in 1971 that we put some of the elements in a very, very gross sort of way [...] into a Taxpayers' Protection Act, to be a little debated on a Tuesday or Thursday afternoon, and put the point across.

From the start, efficiency auditing was conceived in electoral terms. It was thought that many would simply not understand the idea of auditing, and so the more rhetorically forceful term 'Taxpayer Protection' was introduced, to present auditing as a pro-active, valuable tool in protecting the citizen against big government. Beyond the use of this term as a communications device, however, we see aspects of the Conservative's awareness of, and interest in, auditing. The idea of taxpayer protection presents a quite specific auditing role, of intervention and restraint in government. It casts auditors in a central position of limiting government activity and ensuring sound management. The more aggressive audits of the Auditor General of Canada had led the Auditor General to be increasingly seen as a 'watchdog' on government, limiting what were understood as wasteful public sector practices. One should not

underestimate the opportunism involved in the Alberta Tories' rapid adoption of such ideas after their exposure at the federal level. What is seen here is their conscious attempts to fashion their plans for auditing in a way that best appealed to then contemporary discourse, in an attempt for maximum media coverage and self-promotion. The specific social background of the Tories, a largely professional group, heightened their interest in the idea of auditing. Consider Mr. Hyndman's reflection on the Tories of the early 1970s, and the influences of their professional roots:

I think that they had experienced that [auditing], they had seen that in their own offices, or they had friends and associates who had done that, and so to them it was nothing unusual, and so in fact with the province getting bigger and more complex, and the prospect of more money, it seemed prudent to do this and get this done, and understanding... And then the feeling was that you can have a well trained, professional person, whose independence you deliberately set up, and who you have to agree you're no longer going to control. But that is a good thing for public policy. So that takes a certain viewpoint, and I think we had that.

People become exposed to discourse, to systems of statements, in a variety of contexts. Discourses themselves may operate at multiple levels, perhaps temporally, socially, or geographically. What we see here is the influence of the specific discursive background that many of the Albertan Tories brought to public policy. While at the time they felt that the word audit was in such limited circulation that many in their intended voting audience would not understand what it was, they themselves drew on their professional background and exposure. They conceived of auditing as a normal, professional practice, since "they had seen that in their own offices, or they had friends and associates who had one that, and so to them it was nothing unusual."

The then fragile claims made for an auditing for efficiency—which at the time no Canadian legislative auditors had explicit legal authority to conduct—should be judged in this context. To professionals used to the idea of auditing, the extension of auditing to the realm of efficiency was seen as "prudent." The assembly of knowledge that this represents may seem commonplace or

unremarkable. In many ways it is; but it is at intersections such as this that a mutually re-inforcing system of changing knowledge and practices takes hold (Foucault, 1977a; Foucault, 1978a; Gutting, 1989). These politician's everyday lives exposed them to discourse at a number of levels; as part of this these discourses themselves mixed. The result was an influential reciprocity between more general political debates (surrounding, for example, the more aggressive auditing seen at the Federal level, and the differentiation of the Tories from the Socreds), and the reading that a largely professional group gave to those debates through their specific discursive exposure (Hopwood, 1994).

At this stage the model of an auditing for efficiency was understood by it's author himself as "very, very gross," and as an emulation of the federal example. Further development would come later as the mechanics of auditing would be considered once the Tories were in office. For now, I examine how ideas of auditing were themselves one part of a wider projection of the Albertan Tories as a party fit to govern. I attend to the context of political rationalities within which auditing was understood in the 1971 election that led the Tories to government, focusing on the twin themes of *managerial competence*, and *contemporaneity*. I then consider the discourse exhibited in the 1975 election which continued their rule and immediately preceded audit reform.<sup>6</sup>

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<sup>6</sup> I study election campaigns because they offer key points at which the political discourse of the day is exposed. As a consequence, campaign materials, statements, etc., provide a window to discern the normative context of their time, and allow analysis of the context that fostered given political rationalities and programmes. The argument is not that campaigns involve a set of political promises, appeals, etc. that are invariably carried out, but rather that these statements are made with an awareness of, and appeal to contemporary discursive rules. As a result, election statements and proposals may be used to trace the discursive boundaries that distinguish between persuasive, credible argument, and that which is less embedded in current discourse, and is therefore less appealing.

This analysis involves significant use of primary documentary materials, such as party platforms, discussion papers, and contemporary news reports. For the periods in question, these primary sources are either not indexed, or are sparsely held in libraries; many have not been preserved. Because of these difficulties, I have searched those party policy statements that are held in the Library of the Legislative Assembly of Alberta (the only library that I have found to have collected such documents). In addition, I have manually searched The

*c. The Promotion of Political Rationalities and Emergent Programmes*

In their campaigning in 1971 and 1975, the two main parties, the Socreds and Progressive Conservatives, would provide powerful illustrations of the discursive frameworks within which they worked, and by which they framed their political appeal. The 1971 election is particularly important in establishing how an auditing for efficiency became a political concern, since this campaign presented the Progressive Conservatives as a party that was ready to govern. They laid out a detailed agenda of what they would do in office, and efficiency auditing was one part of this agenda. In setting out their plans, the Progressive Conservatives suggested a concern with "the citizen's protection against big government" (Progressive Conservative Party of Alberta, 1971), and broadly committed themselves to audit reform as one programme to achieve this:

An Auditor General to be created to replace the existing Provincial Auditor—with terms of reference permitting review of government expenditure practices—he should be responsible to the Legislature, not the Cabinet. (See 1971 Bill 134 'The Taxpayers' Protection Act,' Lou Hyndman). (Progressive Conservative Party of Alberta, 1971).<sup>7</sup>

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Edmonton Journal over the course of the 1967, 1971 and 1975 election campaigns, from the announcement of the election to the eventual result. As the newspaper of the capital city of Alberta, The Edmonton Journal provides extensive coverage of the province's political affairs. On line indexes to this newspaper do not date back to the period in question, and no printed indexes were published. The staff of the Edmonton Public Libraries maintained a card index to The Edmonton Journal in the 1970s, but this does not cover government auditing. The Edmonton Journal was also searched at the times at which federal and provincial auditing legislation was discussed in parliament and the Legislature.

<sup>7</sup> Although not expressly stated here, the Taxpayers' Protection Act provided for audits to determine if there was "any waste or needless expenditure" (The Legislative Assembly of Alberta, 1971, s. 1(a)).

Other commitments included an interest in program budgeting (later enacted in the mid 1970s) and a presentation of auditing as part of a plan for expenditure control:

In analyzing public expenditures strong efforts will be made to reduce wasteful spending and the high per capita cost of government that the outgoing government has promoted. A concerted drive to *reduce the cost of government* would be an inherent part of the public spending program of a Progressive Conservative Government, including:

(a) The re-structuring of the existing Provincial Auditor into the office of Auditor General to ferret out unnecessary and wasteful expenditures (see 1971 Bill 134 'The Taxpayers' Protection Act,' Lou Hyndman).

(b) The establishment of a special force to re-appraise government management efficiency in Alberta (along the lines of the Ontario Government Committee on Government Productivity—C.O.G.P.)<sup>8</sup> (Progressive Conservative Party of Alberta, 1971)

Efficiency auditing was itself placed as one of a range of initiatives, both as a means of 'citizen protection' (echoing the earlier reference to taxpayer protection) and as a contemporary technique for improved management and cost control. On the campaign trail, a commitment to a reformed auditing would be reinforced, as Lougheed again positioned auditing as a means to citizen's protection from excessive or wasteful government expenditure,

one of the strongest Tory moves for citizen protection would be the appointment of an auditor general to replace the existing provincial auditor. The new auditor-general would have terms of reference allowing full review

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<sup>8</sup> Program budgeting was itself an idea recommended by the Government of Canada's Glassco Commission (The Canadian Comprehensive Auditing Foundation (CCAF), 1987); the idea of a 'special force' to examine management efficiency is here seen to be drawn from Ontario. In opposition, the Tories drew significantly on ideas that had been initially elaborated in other jurisdictions. As will be seen, their adoption of efficiency auditing continued to fall into this pattern.



of government expenditures and would be responsible to the Legislature, not the cabinet (The Edmonton Journal, 1971c).

As a political issue, auditing allowed the Conservatives to appeal to ideas of a 'business government,' to emphasise their concern for an improved management of the province, to represent themselves as a responsible yet forward-looking potential government, and to meet the Socred's air of reliability with their own interest in financial probity and prudence. I now analyse the exposition of these ideas, so as to understand the kinds of thoughts that guided an interest in efficiency auditing; as Foucault commented,

The main problem when people try to rationalize something is not to investigate whether or not they conform to principles of rationality, but to discover which kind of rationality they are using (Foucault, 1988c, p. 59).

I address political rationalities and emergent programmes at this stage as a means of understanding the rationalities at work here, and later attend to the operation of rationalities at a more detailed (and less public) level as rationalities were met with the specific programme that led to audit reform in Alberta.

#### *i. Managerial Competence*

At the start of campaigning in 1971, Peter Lougheed, the Conservative leader, would comment that whether Albertans decided to change from Socred to Tory rule would depend on the Tories' effective communication, "that our platform is progressive and responsible" (Bell, 1971c, p. 2). Management techniques such as efficiency auditing allowed the Conservatives to promote this claim; financial techniques in particular projected an image of fiscal prudence. Because of this they were especially valuable both in re-assuring voters of the safety of electing the Tories, and in allowing them to question the government's own administrative successes, which though they were promoted by the Socreds, were undermined by the Conservatives' depiction of this 'success' as mythical. In early campaigning, the Conservatives would commit

themselves to control the cost of government, a commitment which they associated with auditing in their formal plans (Progressive Conservative Party of Alberta, 1971; The Legislative Assembly of Alberta, 1971), with their leader commenting that,

By our calculations, Alberta is the highest spending province per capita in Canada, and we don't have much to show for it. (The Edmonton Journal, 1971a)

Financial management would continue to be a concern throughout the campaign, as evidenced in the leader's speech at the final Conservative rally:

Even with oil revenues, Albertans pay 20 per cent higher provincial income tax than residents of Ontario and British Columbia. Senior citizens are carrying a tremendous burden of property tax to pay the cost of education, and highways are being built with money borrowed at 8 per cent that could have been borrowed at four percent eight years ago. That's the myth of performance. (Bell, 1971b, p. 9)

Management, reliability and good government were central themes in the Socreds' platform. The Socreds would appeal to their record as a means of setting themselves apart from the untried Conservatives, and would try to play on the uncertainties of electoral change. In doing so, they were no doubt opportunistic in some degree, as were the Tories in their own claims; both parties sought to maximise their political capital. But the power of these ideas went beyond such attempts at manipulation. Politicians were themselves immersed in the discursive field which guided them to, and allowed, such claims. They themselves had internalised these discursive formations, and as a result they worked within them. Of course, in doing so, they effectively produced and reproduced these discourses.

In this sense, although the two parties would make opposing and competing statements, their statements were bound together through their being framed as part of the cohesive sets of statements by which Albertan politics in the early 1970s were understood (Foucault, 1984c; Miller & Rose, 1990). Thus as the

Tories would charge that the Socreds provided expensive government (Bell, 1971b), the Socreds would depict the Tories as offering expensive promises, and would suggest that, in contrast, "the Social Credit platform is a reasonable one, based on experienced, responsible government planning" (Social Credit League of Alberta, 1971). The Social Credit Premier would pursue the theme of expense and link it with responsibility, a claimed Socred trait, in arguing that the one major change the Tories offered was "from responsible to irresponsible government spending" (Bennet, 1971). These and other examples illustrate that both main parties drew on a common conception of government as being about sound administration and management, rather than 'policy' differences. Efficiency auditing fitted well in this context: it was seemingly technical enough that it did not mark any ideological divide, since it was perceived as a contemporary managerial approach that promised administrative improvement.

## *ii. Contemporaneity*

While Albertan politics were marked by particular local conceptions of an avoidance of the partisan and a focus on administration, we should be aware of the more general flows of ideas to which Albertans were exposed at the time. The 1960s and early 1970s were understood to be marked by tremendous social change, and technological progress. In this setting, an appeal to be contemporary, modern and new was particularly valuable. Efficiency auditing and other managerial techniques fitted well with these wider developments. The Tories would present their financial plans as involving what they termed "contemporary techniques" in their platform, 'New Directions for Alberta in the Seventies' (Progressive Conservative Party of Alberta, 1971). Their campaign material all bore the key word "Now!" in a self-conscious appeal to the contemporary (Wood, 1985).

Efficiency auditing supported the Conservative's broader appeal to contemporaneity. It was a part of the programmatic that supported the Tories' more general appeals to rationalities regarding the value of a modern approach, and as a programme was itself valorised through these associations and beliefs. This powerful reciprocity meant that efficiency auditing's political attraction

operated at a number of levels, meeting a local Albertan construction of politics in terms of administration and good government, while being perceived in wider terms as new and contemporary.

Newness held attractions in many jurisdictions amid the social change of the time, but in a province governed by the same party for thirty-six years, these attractions were heightened. The Tories' promotion of themselves as a modern and progressive party used managerial techniques as a support to this projection. Their modern presentation was heightened through juxtaposition with the Socreds' public image. The Conservative's own campaign plans had suggested that the Socreds "must be ignored, except as tired, complacent and old," (Lougheed memorandum quoted by Serfarty, 1981, p. 68) a strategy that the Socred's themselves did little to deflect. In their final campaign rally, the Socreds gave centre stage to former Premier Ernest Manning, who dismissed the Conservatives' powerful image, with the claim that Lougheed was a product of Madison Avenue, who looked good on television and possessed "the ultra-brite smile" and the "Avon lady's charm" (Demarino, 1971b). The twin themes of reliability and contemporaneity were fused in a last minute speech in which Manning argued that, "this is not the time to sacrifice our unique position of strength to experiment with a new man no matter how nice he may look on television." He added that Social Credit had provided "thirty-six years of good government," that "people are entitled to the best government it is humanly possible to provide" and that if a government continued to serve the best interests of the people "there is no logical argument why it should not continue indefinitely" (Bell, 1971a). Manning closed by drawing on the movement's evangelical roots, and urging his largely middle aged audience (in contrast the Lougheed rally's reportedly more vibrant and younger crowd (Lindblad, 1971)) to pray for God's guidance for voters on election day (Demarino, 1971b). There was a marked contrast between the Socreds' appeals and the Tories' presentation of themselves as representative of the times.

#### *d. Rationalities Considered*

My argument has been that to understand the attraction of efficiency auditing in Alberta, one must attend to the broader discursive context of the time, and the way in which Alberta politics were represented and understood. While evidence of the presentation of Alberta politics in terms of managerial competence and contemporaneity may be seen in written material produced at the time, it is also a part of the recollections of actors. Lou Hyndman,<sup>9</sup> the author of the Tories' first formal expression of interest in efficiency auditing commented in interview with me,

we said, look, Mr. Manning [Socred Premier until 1968] has been there for thirty-five years at the time, and Social Credit has done many good things for the province. But we think we can do better. We think that building on the successful base of the existing government—because we didn't want to alienate all those people [Socred supporters] and they had in fact done a good job—the oil and gas legislation was a model for the world in many ways. [...] So we said, but we think we can do better. [...] So that was the general mood; it was less one of being totally adversarial, it was rather one of saying, well OK, those are good folks, but we can do better than that, and we think you can give us a chance.

In an environment in which politics was construed as being better approached through 'administrative' rather than policy measures, a move to act in a non-adversarial way reflected the Conservatives acquiescence to, and internalisation of, these discursive representations. In response to an interview request that he provide "a sense of the priorities within which this [auditing] was seen," Mr. Hyndman immediately recounted the Tories' appeal to contemporaneity, and to a spirit of change,

we wanted government to be modern and up to date, and equally as crisp in terms of the approaches to auditing that, as were, say, private companies of the same size, even though public [sector] accounting is somewhat different to private [sector] accounting. So we thought that as part of wanting to make sure that Alberta was, and was seen as being a very contemporary province,

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<sup>9</sup> See above for biographical information.



that its whole régime, in the financial sense, had to be that way as well. There were a good number of folks in the [Conservative] party at the time too who were CAs and auditors, and they, in policy sessions, would bring these things forward.

It was these kinds of considerations that moved the Conservatives to their interest in efficiency auditing. Seen in the 1970s as being at the cutting edge of government administration in Canada, the idea of efficiency auditing was especially persuasive to a party concerned with the modernisation of government.

In the 1970s the efficiency auditing debate seemed to move out of the domain of public, political statements. By the 1975 provincial election, public debate appeared to have moved on. The Conservatives called a snap election to solidify their power, suggesting that the then Liberal Government of Canada doubted the Tories' support in Alberta, and that this doubt might weaken the province's political position as it sought to retain the oil wealth that ensued from the OPEC price shock of the time (Bell, 1975; Palmer & Palmer, 1990). Government auditing only entered discussion in the government's proposal that a 'Heritage Savings Trust fund' be created to set aside windfall oil revenues for future use: assurance that the fund would be managed within its mandate was to be provided by the fund's being independently audited by the then Provincial Auditor (Progressive Conservative Party of Alberta, 1975, p. 4).

Despite this apparent disappearance of auditing from public debate, the senior officials and others that I have interviewed in tracing the history of the Act all recall that, in the words of one, "over the years the [Conservative] caucus became more and more interested" in efficiency auditing. This discussion occurred at a more rarefied level, and was little publicised, as ideas of efficiency auditing were fleshed out in programmatic form, first by ministers and senior officials, and then by caucus, legislative review committees and the legislature as a whole. Miller and Rose (1990; Rose & Miller, 1992) suggest that committees, commissions, reports and the like, all crucially calling on *expertise*, are critical in the translation of general rationalities into programmes. The development of efficiency auditing in Alberta involved the generation of a crude programme

(the Taxpayers' Protection Act) at an early stage, thereby mixing the early development of rationalities and programmes. It is however clear that, with little public attention, more detailed programmes drawing on expertise were formed after 1971; I turn to these now.

### 5. Linking Rationalities to Programmes

So far, I have largely attended to political rationalities, and their role in shaping the climate in which the idea of an auditing for efficiency became attractive. Beyond this initial articulation, however, the specifics of the formation of a programme, involving detailed plans and proposals for action, were generated in different arenas. Ideas of a revised auditing have already been seen to have drawn on federal debates. This federal influence continued as auditing programmes became more clearly specified. Before addressing the content of these debates, I will address actors' own interpretations of the inter-jurisdictional influence of ideas articulated at the federal level. Overall, I argue that just as discourse was important in setting the climate for political rationalities which initially supported efficiency auditing, so discourse prevailed at less public levels, amongst expert constituencies that came to influence the detail of this programme.

Amongst legislative auditors themselves, the idea of an auditing for efficiency took hold, and came to be seen as the state of the art in their professional work. Because of this perception of efficiency auditing, auditors were most interested in securing an efficiency auditing role for themselves. Their motivation for this was influenced by a desire to be seen by their colleagues as being at the forefront of their profession, and by their own apparent internalisation of the discursive appeal of efficiency auditing. Auditors were exposed to the broader political environment that I have detailed, but in addition to this these professionals were influenced by changing discursive rules amongst their colleagues as to what was considered appropriate, forward-thinking and vigilant auditing behaviour (Foucault, 1977a; Foucault, 1980). This changed discursive field would ultimately influence auditing practice throughout Canada (with similar reforms in other countries), as professional knowledge as to the 'ideal'

public sector audit shifted, and auditors compared their own mandates to this ideal, and found them wanting (Rose & Miller, 1992).

*a. Understanding the Role of Federal Programmes: The Wilson Committee*

The influence of the Federal Government in Alberta's auditing debates has already been witnessed. Political perceptions of the changing role of the Auditor General of Canada had fueled the Conservatives' initial interest in efficiency auditing, as seen in discussion of the Taxpayers' Protection Act. Auditing in the Federal Government would again influence events in Alberta, as the Federal Government began to re-examine the role of government auditing in the early 1970s. As part of this re-examination, and at the request of the then Auditor General, the Canadian government had established an 'Independent Review Committee on the Office of the Auditor General of Canada,' which became known as the Wilson Committee. This committee's report would be very significant for other Canadian jurisdictions, as it set out new bounds as to what government auditing was, or should be.<sup>10</sup>

I address the reasoning of the Wilson Committee shortly, but for the moment I consider its role in Alberta. D.W. Rogers, who served as the last Provincial Auditor of Alberta, and as the province's first Auditor General, met me several times, and provided access to his personal papers. He indicates that the Wilson Committee effectively set a new standard for government auditing, one which he and other legislative auditors of the day followed in a wave of audit reform which swept Canada between 1977 and 1985, as Canadian provinces reformed their government auditing mandates (for elaboration, see

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<sup>10</sup> My primary interest is in understanding how auditing came to involve efficiency in Alberta, and I maintain my focus on events in that province here. I turn to the Wilson Committee, and to events at the Federal level, to understand their role in introducing and strengthening certain ideas in the province. One effect of the Federal Auditor General's pursuit of 'non-productive' payments had been to change Albertan understandings of what auditing could or should be, and alter the discursive articulation of auditing in the province and elsewhere. The report of the Wilson Committee would similarly influence, and reflect, changing conceptions of government auditing.

Radcliffe, 1992). In interviews, Mr. Rogers has indicated that the Wilson Committee's report served as a "bible" for the introduction of efficiency auditing. In a speech made in the late 1970s, he similarly suggests the central role of the report in shaping efficiency auditing across Canada.

.... I was at the first gathering of the Legislative Auditors in Canada from the date of confederation. That was 1973 and that was the year that Jim [MacDonell] was the newly appointed Auditor General of Canada [...] This first meeting was very interesting, and I remember at that meeting, if I recall correctly Jim, you said I'll tell you in confidence that I am discussing the possibility of a Study of the Establishment of the Independent Review Committee on the Office of the Auditor General. I think that is where the whole thing got kicked off. This Committee which was appointed in 1973, I believe it was, reported in 1975 and that red book that they produced, has in effect been used I think in every jurisdiction across the country that has been involved in the development of an Audit Act, because it really was the foundation of auditing in the public sector as we know it today. What was in that book, what was in that report is now reflected in a number of statutes and there are more to come. In that report they mentioned, for the first time to my knowledge, value for money... (Rogers, undated, pp. 1-2).

After the Wilson Committee's report, auditing was clearly no longer about waste or non-productive payments, but instead involved the active pursuit of efficiency. The committee would itself suggest that its report followed (and represented) changes in auditing that could already be seen in the field, in what it referred to as an evolution in auditing (Wilson et al., 1975); nevertheless, the report was a powerful statement that reinforced and legitimised these changes.

The committee had originally been established at the request of a recently appointed Auditor General, who believed that his job would be impossible without an attempt to break away from the acrimonious relations that had developed between the Audit Office and other areas of government. This acrimony had followed the embarrassing publicity that surrounded the



Auditor's investigation of non-productive payments.<sup>11</sup> As a consequence, the Wilson committee had noted that while the Auditor General had "for some years now been interested in assessing value for money in terms of economy and efficiency" (Wilson et al., 1975, p. 33), there had been questioning of his statutory authority for doing so. The Wilson Committee was designed to address the problematised state of government auditing.

The Wilson Committee would in many ways shape the eventual course of audit reform, and the introduction of efficiency auditing. It provided valuable legitimacy to provincial auditors as they sought their own efficiency auditing mandates, and bolstered changing political rationalities regarding auditing. We should be wary, however, of assigning too much responsibility for this to the members of the committee. The committee's report was seen as a prestigious government of Canada review; as such its eventual support for efficiency auditing would provide that practice with powerful legitimization, effectively setting out new ranges of professional knowledge and competence. But the committee was not itself the prime nor the only originator of these ideas. Though the members of the Wilson Committee are credited with formal authorship, like other authors they worked with the professional knowledge of the day, mindful of then changing norms regarding what government auditing should be. In this sense their greater significance is as a powerful representation of changing ideas and knowledge regarding Canadian government auditing in the mid-1970s, rather than as authors removed from this environment, creating a unique product that only they could have written (Foucault, 1984c). It is with this *representative* role of the Wilson committee's report in mind that I use their findings to explore the changing state of government auditing.

While the Wilson Committee attended to other problematic areas regarding the operation of the Auditor General, its analysis of appropriate auditing

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<sup>11</sup> The Wilson Committee would later explain its appointment in terms of the controversy surrounding the Office of the Auditor General (Wilson et al., 1975, pp. 1-2); other accounts of the time confirm this view. MacDonell, the new Auditor General had insisted that there be independent review of his investigating and reporting responsibilities. As a result, a draft Act designed to update the legislation regarding his Office was jettisoned, pending the Wilson Committee's report (Sinclair, 1979, pp. 104-106).



mandates is of central interest in understanding subsequent events in Alberta.<sup>12</sup> The committee explained its interest in this in terms of the controversy that had surrounded the Auditor General's analysis of non-productive payments, as it noted in the preamble to its report

Another issue that emerged in 1970, though its full implications were not explored at the time, was the question of the Auditor General's freedom to report. Specifically, what areas could he legitimately investigate and report on, and what matters lay beyond his jurisdiction? For a number of years, the Auditor General had been including in his annual report comments on non-productive payments he had observed in the course of his examination of the accounts. These were understood to include transactions that technically conformed to expenditure regulations, but from which no clear benefit resulted. As the controversy developed, some ministers expressed concern about the propriety of this type of reporting. It appeared to extend the Auditor General's role beyond the application of professional auditing expertise into the expression of judgment about policy matters, and this, they suggested, was not within his jurisdiction. (Wilson et al., 1975, p. 2)

In response to this, the committee argued that while the Auditor General had more traditional attest auditing responsibilities, which it saw as a "concern for a proper and accurate accounting for expenditures" (Wilson et al., 1975, p. 33), he had also developed,

an additional, special responsibility with respect to government spending—one that has, in a sense, evolved from and goes beyond the audit of mere regularity. Essentially, his task is to determine whether value has been

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<sup>12</sup> Other problematic areas included, for example, the Auditor General's complaints regarding difficulties in hiring and retaining staff, and suggestions that civil service administrators were unhelpful to his Office. It had been argued that these staffing difficulties were due to administrative attempts to obstruct or hinder his work (Sinclair, 1979). The Committee addressed the issue as part of its attention to the "considerable questioning and controversy" that had surrounded the Auditor General (Wilson et al., 1975, p. 1). It recommended changes to allow the Auditor General greater autonomy in establishing classification and selection standards, and in setting salary ranges (Wilson et al., 1975).

received for the money the Government has spent. (Wilson et al., 1975, p. 33)

What the committee suggested here was that government auditing had 'evolved' in recent times, and that an auditing of non-productive payments had, in effect, been a form of efficiency auditing.

The Auditor General has for some years now been interested in assessing value for money in terms of economy and efficiency, though not always under that designation; most frequently, he has identified and reported on so-called non-productive payments. His selection of items to report on in this category has usually been based on a judgment as to the economic and efficient use of funds for a specified purpose (Wilson et al., 1975, p. 33).

In effect, then, the committee argued that the Auditor General had already conducted efficiency auditing since the late 1960s, a suggestion that was supported by the Alberta Tories' early promotion of an efficiency auditing mandate, (itself modeled on the Auditor General of Canada's activities.) The committee addressed any querying of this role in forthright terms,

The right of the Auditor General to report on this aspect of government expenditures has been challenged, even in recent years. For example, it has been suggested that the intent of the present legislation is to restrict him to reporting on regularity alone, without regard to whether money was spent economically or efficiently. This narrow interpretation seems inconsistent with our understanding of Parliament's intention when it appropriates funds for a particular purpose. In making such an appropriation, it surely imposes a trust on the administration not only to use the funds for the specified purposes but, as a trustee, to spend the money prudently—that is, with a view to economy and efficiency. In other words, the administration is expected to ensure that value for money will be obtained.

Given this apparently inarguable fact, it must be the intent of the present legislation that the Auditor General take due account of economy and efficiency in conducting his examination of expenditures. Since some confusion has arisen on this point in the past, it would be desirable that the new legislation provide a specific authority for him to report cases where, in

his opinion, value for money has not been obtained through the Government's expenditure of public funds (Wilson et al., 1975, p. 33).

A footnote detailed the statutory authority for this opinion thus,

The clause in question is included in Section 58 of the Financial Administration Act and reads as follows: "The Auditor General... shall ascertain whether in his opinion...(c) money has been expended for the purposes for which it was appropriated by Parliament, and the expenditures have been made as authorized." (Wilson et al., 1975 p. 33)

The reasoning that the Wilson Committee used to support its recommendation that the Auditor General be formally authorised to conduct efficiency audits provides a window to understand the ideas of the time. The committee suggested that efficiency auditing had already effectively become a fact, as the Auditor General had re-interpreted sections of his existing mandate which called for an analysis of 'non-productive payments.' In this sense, practice (and accountants) led this expansion of auditing. But beyond this suggestion that auditors had themselves initiated this practice, the committee offered its own interpretation of what auditing should involve. It suggested that the auditor's *existing* mandate to ensure expenditures had been made as authorised effectively allowed efficiency auditing. They even argued that this was "an apparently inarguable fact" (Wilson et al., 1975 p. 33).

This shows how ideas of auditing and efficiency came together in the audit reform of the 1970s. The clause in the Financial Administration Act had long been a feature of government auditing mandates, indeed, such authority for auditors to ensure that expenditures had been made as authorised could be found in the auditing legislation of all provinces (The Canadian Comprehensive Auditing Foundation, 1985). Alberta had a similar authority in the Treasury Department Act of 1906, one of a series of measures passed in the first session of the Alberta legislature to establish the basic mechanics of

government (The Treasury Department Act, RSA 1906, c. 5, s.64).<sup>13</sup> This authority had, however, been subject to different interpretations to that of the committee. Consider the extent of the Provincial Auditor's report in 1913 (the earliest year for which a report is available at the Provincial Archives of Alberta): the only expression of opinion was a two word statement that the accounts were "certified correct," followed by the Provincial Auditor's name and designation (Treasury Department of Alberta, 1914).

Clearly, auditing mandates to ensure that money had been properly appropriated had been subject to very different interpretations to that of the Wilson Committee.<sup>14</sup> Effectively, the committee took a practice that it understood the Federal Auditor General had engaged in—an auditing of non-productive payments that had only lately been pursued—and read it in to the legislation governing auditing. To the committee the legitimacy of this auditing practice was an "inarguable fact" (Wilson et al., 1975, p. 33). In a curious and circular way this audit technology and the fact of its use led to a revision of legislative programmes and further elaboration of the audit technology itself. The technology and legislation were made consonant in ensuing federal legislation which provided that the Auditor General should report those cases in which expenditures had been made without due regard to economy and efficiency, and in which appropriate effectiveness reporting was not in place (Auditor General Act, 1977, 25-26 Elizabeth II, c. 34, s. 7. (2)).

#### *i. Expert Discourse*

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<sup>13</sup> This Act was amended slightly (and renamed) in 1968, but still included significant attention to expenditures having been authorised by an appropriation of the legislature (The Financial Administration Act, RSA 1968, c.30, s.29-30).

<sup>14</sup> Alberta had refrained from moving beyond a basic attest audit, and even that included as little controversy as was possible. The penultimate Provincial Auditor, C.K. Huckvale, refrained even from reporting proven cases of fraud, since if they had been prosecuted, or other action had been taken, he regarded the matter as rectified. He believed that the reporting of such matters was a press responsibility rather than his own (Demarino, 1971a).

The Wilson Committee's report was representative of the thinking of key professional and political constituencies of the time, but beyond this, it provided an influential statement of this thinking and effectively defined a new standard for government auditing in Canada. It set the scene for revision of auditing mandates in federal and provincial governments. We should consider how it was that the committee could interpret existing mandates as it did. For the report makes it plain that the committee members could only think of an 'authorisation' of expenditure as inherently meaning that expenditures were made with regard to efficiency. Previously, review of legislative authority had been satisfied by an assurance that expenditures had been made under a legislative appropriation. Now, the committee believed 'authority' went beyond this, and implied that auditors should verify that expenditures had been made with a view to economy and efficiency (Wilson et al., 1975, p. 33). The kind of ongoing review and outlook that was involved in a planned, programmed budgeting systems, then also being adopted in government, reinforced this perspective. Rather than being a dry, somewhat peripheral group, auditors could cast themselves as agents of change through auditing reform. With efficiency auditing, they were poised to contribute to ongoing management review. How could interpretations of legislative authority and appropriate auditing vary so much over time? To understand this, it is important to consider the social immersion of the committee itself, and to consider the operation of discourse at multiple levels.

In addressing governmentality, Miller and Rose (1990) pay special attention to the role of expertise. For them, the rise of expertise is linked to a transformation in the rationalities and technologies of government. In particular, they suggest that experts enter into a kind of "double alliance" between political authorities, and individuals. For political authorities, experts focus on their problems, problematise further issues and incorporate political concerns into the vocabulary of their disciplines, whether they be accounting, management, medicine or other specialised bodies of knowledge. For individuals, experts address the concerns of daily life, offering techniques for improvement (for example, in careers, investments and family life). In this sense, experts are responsive, developing specific knowledge to address the



problems of others. But beyond this relatively passive role, experts may themselves develop problematisations. These problematisations have the effect of promoting expertise as potential solutions, in efforts which develop broader boundaries or 'enclosures' regarding professional knowledge and, hence, wider areas in which professionals are seen as legitimate experts (cf. Abbott, 1988; Rose & Miller, 1992).

The Wilson Committee was exposed to discourse at a number of levels, not least from their awareness of contemporary events, and from their own professional interactions. An attentiveness to expertise suggests that political rationalities, developed in a broad and public domain, should be considered together with the ideas of experts. In other words, discourse operates both in the wider domain of public, political debate, and in more specific debates amongst experts which, (though they may immediately engage a rarefied group), may ultimately be linked to political problematisations. For example, it is clear that in Alberta in the early 1970s there was political interest in the idea of efficiency auditing. But it seems doubtful that Alberta's Conservatives would have independently developed this idea, without the example provided by auditors in the Government of Canada. Political discourse and problematisation was met with changing boundaries of professional expertise, as government auditors addressed efficiency. For the Tories, the example of efficiency auditing expertise in action in the Federal Government was itself constitutive of a problematisation of auditing in the province. The Tories' importation of ideas from other governments<sup>15</sup> highlights the flows from one jurisdiction to the next, both of more general political rationalities and their problematisations, and of 'expert' attempts to answer (or create) these concerns.

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<sup>15</sup> As earlier noted, the Tories imported substantial elements of their platform of managerial competence from ideas and technologies that were witnessed in other Canadian jurisdictions. These included program budgeting, drawn from the Federal Glassco Commission (Progressive Conservative Party of Alberta, 1971; The Canadian Comprehensive Auditing Foundation, 1985); ideas for a study of management efficiency, drawn from Ontario (Progressive Conservative Party of Alberta, 1971); and efficiency auditing, drawn from the activities of the Federal Auditor General (Alberta Hansard, 15 March 1971, p. 549).

To understand how the Wilson Committee could understand 'authorisation,' and, relatedly, government auditing, in the way that it did, it is important to address the influence of the discursive field in which these terms were used. Ideas of authorisation or auditing were marked by the context of their time. Ideas are not inviolate or stable, nor are they subject to unique interpretation. Rather, they become subject to often subtle shifts in meaning that signify changing directions for existing practices, or the creation of new ones (Miller & Napier, 1993). The committee's reasoning provides a window into, and influential statement of, one such shift. By the standards of the time, the professional group that served on the committee (comprised of two accountants and one lawyer (Wilson et al., 1975, p. v)) could only see expenditure authorisation as including an implicit duty that it be made efficiently. Once this interpretation was made, it followed that efficiency auditing should be conducted as a matter of course and that statutory amendments to explicitly authorise this were a mere formality that ensured fulfillment of what *must* have been the original intention of parliament. This kind of language matters; as Rose and Miller (1992) point out, it is performative; changing vocabularies regarding technologies themselves enable technologies to be depicted, understood and used in different ways (Miller & Napier, 1993, p. 633). Interpretations such as this drew on, and produced, a changed knowledge regarding auditing, and so set the scene for revised auditing practice.

#### *b. The Auditor General Act, 1977*

Alberta would enact its own audit reform in 1977, in the Auditor General Act. This measure was itself the product of a combination of ideas, drawn from various levels and discursive exposures. Ministers and civil servants developed plans for a revised form of auditing mindful both of local circumstances and political debates, with an awareness of changing standards as to what auditing was or should be, as evidenced in the Federal Government. I now attend to the confluence of rationalities, programmes and technologies in the construction of reform. In the absence of detailed documentation regarding the construction of the Act, I have been able to interview the penultimate Provincial Auditor, C.K.

Huckvale, who held office between 1942 and 1972, and D.W. Rogers, who served as Provincial Auditor from 1972 to 1977, and then as Auditor General after 1977. I have also interviewed a then senior Treasury Department Official and a Legislative Counsel, involved in the drafting of the Auditor General Act. In effect, I have interviewed most of the senior officials charged with the development of the Auditor General Act. I use these interviews together with documentary evidence to consider how the Act was constructed.

*i. Background to the Act: The Provincial Auditor's Office*

The Progressive Conservatives had problematised government auditing, and to the officials charged with audit reform, the Conservatives' electoral commitment provided the impetus for their work. Nevertheless, it seems that some Socreds, and senior government auditors, had themselves begun to question the way in which auditing had operated in the province prior to 1971. To understand this, it is important to understand the context and operation of auditing in the province. At the time, Alberta's auditing procedures centred around the pre-auditing of expenditures. This practice dated back to the original Treasury Department Act of 1906, which established the frameworks of financial administration in the province. The Act created the office of the Provincial Auditor, and established that before a payment could be made the Provincial Auditor had to be satisfied that the payment was properly authorised by the Legislature. A related provision was that all cheques had to be prepared within the Provincial Auditor's Office. An internal guide to the law governing the Office's operations referred to the Provincial Auditor having a role akin to that of a comptroller and internal auditor (Office of the Provincial Auditor of Alberta, 1976)

Pre-audit was a practice that had been common into the early twentieth century. The Auditor General of Canada had had similar responsibilities—but these had been removed in 1931 (Wilson et al., 1975). There were some unusual outcomes of this practice as it had developed in Alberta. For example, the government's first computer installation was used to prepare cheques within the audit office, and as further government computing equipment came into

use it too was placed under the Provincial Auditor's control; this continued until 1977. Today we might think of pre-approval of expenditures or computer administration as management tasks; but until 1977 this is precisely what government auditing in Alberta involved.

My research has made it clear that the Provincial Auditor was a very influential figure in government, partly because of the financial expertise that centred in his office, partly through tradition and precedent, and partly because of the working relationships that had developed between the Provincial Auditor and senior government figures. Over time the Office had become the chief financial adviser to government. Relationships between the office and government had become very close. As an example, when Alberta became the first province to default on its bonds in the 1930s, it was C.K. Huckvale, a member of the Provincial Audit Office, and later Provincial Auditor, who was sent to live in New York for a time to represent the provincial government and organise re-financing.<sup>16</sup> Similarly, government was involved with the Office in ways that we might not expect by today's standards of independence: Mr. Huckvale has indicated to me that he became Provincial Auditor after the then Premier offered him the job. In a small government, with few qualified, professional staff, the Provincial Auditor's Office, with its chartered accountants, became a key professional resource, a cadre of expertise that was harnessed in the day to day management of government. As a Senior Treasury Official described the scenario prior to the 1977 Act,

We formerly had a Provincial Auditor, who largely played a management role, it was largely a comptroller role [...] In government, he produced the financial statements, he wrote all the cheques, paid the bills, prepared the accounts and certified that they were correct. It was a nice, neat, *efficient* [laughter] system.

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<sup>16</sup> The provincial default is a matter of record (cf. Palmer & Palmer, 1990). C.K. Huckvale's role was first recounted to me by a current member of the Office of the Auditor General of Alberta; it was confirmed in discussions with Mr. Huckvale himself.



Over time, the Provincial Auditor had come to assume a central role in government. The Provincial Auditor would accompany the Premier or Provincial Treasurer to Federal/Provincial conferences, to advise on the financial ramifications of political decisions. Although the Treasury Department would be represented at these events, it was neither a centre of power nor expertise, as a then senior legal counsel explains:

I went to meetings in Ottawa with officials involved in finance and what not, and you know, like the Premier and the Treasurer would go, and Huckvale [Provincial Auditor] would be there with them, and the Deputy Provincial Treasurer. But Huckvale called the shots, and the Deputy Provincial Treasurer was something of a cipher.

To this interviewee, it was the Provincial Auditor "who was *the* influence, he ran the store." Others would point to the Provincial Auditor as being, in the 1960s and early 1970s, "*the* senior public servant in the Alberta Government."<sup>17</sup> Over time, however, this arrangement would come to be seen as anachronistic and involving significant conflict of interest, since the auditor, with his daily involvement in management issues, would post-audit transactions and financial statements that he and his staff had created. The emphasis that the Progressive Conservatives placed on auditing reform has already been seen. However, my interviews suggest that this concern had become more widespread, and that during the Social Credit government, key members of the civil service hierarchy and of cabinet, including the Provincial Auditor and Provincial Treasurer, had agreed that the Provincial Auditor should take more of an independent, post-audit role. As a then senior Treasury Department Official describes it, it was the Provincial Auditor, C.K. Huckvale, who

talked first with Ernie Manning [then Social Credit Premier] and Anders Alberg [then Provincial Treasurer] about the need to bring the Treasury Department into the twentieth century in this government, and that the role that he, the Provincial Auditor was playing was not ultimately a proper role

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<sup>17</sup> In both quotes, the emphasis indicated was made by the interviewees.



for a Provincial Auditor. [...] So there was much talk of re-orienting the role of the Provincial Auditor. The Provincial Auditor would get into debates with the Highways Minister on a highways contract, or how much money we could spend. [...] So he played a very high profile role, and it was recognised that that would have to die with him.

Already, there had been a consensus for reform developing privately within government. While the Progressive Conservatives would introduce the idea of efficiency auditing, drawing from federal debates, to some the particular structures of auditing in Alberta had already come to be seen as outdated. While the Socred government (and the Provincial Auditor) would publicly oppose efficiency auditing (Demarino, 1971a) a climate for change was already developing.<sup>18</sup>

With the election of the Conservatives in 1971, the civil servants later charged with developing the Auditor General Act understood the Tories' commitment to reform as providing straightforward impetus to change. But we should appreciate the unique confluence that had taken place in Alberta. Ideas for reform had been drawn from other jurisdictions, and had found particular resonance in the provincial political climate of the time. In addition to concerns of efficiency, and the 'modern' management that efficiency auditing represented, there was a less publicised concern to modernise the role of the Provincial Auditor through instituting an independent office, removed from day to day management activity. The Provincial Auditor's pre-audit responsibilities, and management involvements, had come to be seen as an

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<sup>18</sup> Interestingly, in an interview, Mr. Huckvale has himself indicated that efficiency was sometimes a criteria in the pre-audit of expenditures, although this was not formalised in any manual, nor was it formally a part of his Office's mandate. At times a payment would be questioned more than usual, if it was thought that a Department's management record was weak, or if the people involved had exhibited poor stewardship in the past. In a way that anticipates my later analysis of contemporary efficiency auditing, the 'efficiency' said to be involved in pre-audit was understood by practitioners themselves to be socially constituted. Rather than being thought of as an absolute, conceptions and operationalisations of efficiency were thought of as shifting over time.

anachronism by an increasing group of influential politicians and public servants, including members of the Provincial Auditors office. Wider concerns regarding efficiency auditing would intersect with local political discourse, and an expert concern for modernisation through the auditors' independence from management. These more general developments were linked with an increasing professionalisation of the Alberta public service, as university graduates and other highly educated personnel entered government. One consequence of this was the declining significance of the Provincial Auditor's cadre of professionally educated accountants as new centres of expertise developed, especially in the Treasury Department. It had come to be seen as logistically possible for financial management and other roles assigned to the Provincial Auditor to be conducted by the increasingly qualified staff of the Departments. As the justification of these older roles slipped away, new ones developed in the form of efficiency auditing. This confluence between the general and the particular points to a need to understand links between multiple levels of discourse, as broader political dimensions became mixed with more detailed, expert concerns.

## *ii. The Mechanics of Reform*

My research suggests that although government auditing had developed as an issue of political concern in Alberta in the late 1960s and 1970s, this had very much been at the level of rationalities within government: the Tories had committed themselves to creating an Auditor General, but as one senior official put it, "I don't think they'd thought very much beyond that, none of us had." Interest had increased significantly after 1971, however, following the example of the Federal Government. While one Albertan official would note that auditors in Alberta were nowhere near as vociferous as those in Ottawa, it seems that auditors' own interest in efficiency auditing, and that of their counterparts in other jurisdictions, helped to crystallise reform.

One interviewee suggested the inter-relatedness of auditors' concerns in the following terms,

The only reason that the Provincial Auditor, Bill Rogers got going on this was because so much happened in Ottawa. [...] They were taking their cues from the Federal Auditor General, who was banging on the door seeking more power. [...] Of course, these people [legislative auditors] meet on a regular basis. [...] So that's where they sort of feed on one another, and get cues from one another.

It is clear that Canada's legislative auditors felt that they lived in unusual times in the 1970s; their first meeting of Canadian legislative auditors since confederation was convened in Ottawa in 1973, when they formed the Committee of Legislative Auditors (COLA). At that meeting the Federal Auditor General had announced his plans to establish the Wilson Committee (Rogers, undated). The Provincial Auditor would himself point to the role of meetings of the Committee of Legislative Auditors in spreading these ideas (Rogers, undated). In effect, these meetings allowed a climate of opinion to develop amongst a group of auditors that began to look to each other as colleagues facing common problems. The meetings became a venue for expert discourse to take hold.

In 1972 the then Provincial Auditor, C.K. Huckvale, retired, and D.W. Rogers assumed that role. Rogers was himself supportive of audit reform, and was interested in the idea of efficiency auditing. His own background was as head of the government's Data Processing Centre, then under the Provincial Auditor's Control.<sup>19</sup> Although Rogers was a chartered accountant, his then professional involvements had been less those of an auditor than those of a manager, in charge of what were then seen as very sophisticated, cutting edge

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<sup>19</sup> As discussed earlier, under the Treasury Department Act, 1906, all cheques had to be prepared in the Provincial Auditor's Office. The first government computers were used to prepare cheques, and so were placed under the control of the Provincial Audit Office. Later, it was held to be illegal for any other government entity to own a computer. As a result, the Provincial Auditor controlled all computerised financial systems, together with other information held and processed electronically, such as highway planning, school administration, etc. By 1971 the Data Centre was the largest computer installation in Western Canada, and it was entirely controlled by the Provincial Auditor.

computer systems.<sup>20</sup> Efficiency auditing, a development that appealed to the latest auditing discourse, appealed to such a background and expertise. There were no public hearings, independent review committees or other more open programmatic developments (Miller & Rose, 1990) in planning Alberta's audit reform. Instead a joint Treasury and Provincial Audit Office planning group was established in 1975 to review the role of the Provincial Auditor and revise the legislation governing provincial financial administration (Rogers, 1980). The group involved Rogers, as Provincial Auditor, senior members of the Treasury Department, and legal counsel, to draft legislation in appropriate form. I have been able to interview the majority of those senior officials involved in this group.

In government the Tories had begun to make good on their electoral interest in improved management. To public servants of the time, the changes were noticeable; as one charged with the review put it, in an interview, "The Lougheed government just turned things completely around in terms of administration and efficiency, it was just like night and day, because I worked under both governments." The government's reform of provincial financial administration was a part of this agenda. Since the Provincial Auditor had been established under the Treasury Department Act, and its successor, the Financial Administration Act, reform of the role of auditing inevitably meant that financial administration had to be addressed.

The Conservatives had committed themselves to establishing an independent Auditor General, with powers to review government in terms of efficiency. The government had also increasingly come to the view that pre-auditing of expenditures should no longer be a part of auditing, and should instead be the responsibility of a Comptroller, under the auspices of the Treasury Department, and that other 'management' responsibilities should be re-

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<sup>20</sup> He acknowledged the influence of his managerial experience in a later speech, in which he appreciated that because of this he "certainly had empathy for the concerns of management" regarding efficiency auditing (Rogers, 1980, p. 6).

assigned.<sup>21</sup> As a consequence, the Auditor General Act, 1977 was written in conjunction with the Financial Administration Act, 1977; the two blended together, with definitions of Crown corporations and other provincial entities defined in the Financial Administration Act and carried over into the Auditor General Act. As the senior legal draftsman in charge of this project commented in an interview, they were "dove-tailed." The Financial Administration Act took all of what had come to be seen as the management responsibilities of the Provincial Auditor out of the domain of auditing, and re-assigned them to the Treasury Department. The new Auditor General was made an officer of the Legislative Assembly, in an attempt to establish the office's independence from government, and was charged with providing an attest audit of the government's financial statements. The Act effectively redrew legislative auditors' professional jurisdiction in Alberta (Abbott, 1988).

Efficiency auditing was also introduced in the Auditor General Act, 1977, with the Auditor General being charged to report on the adequacy of "accounting systems and management control systems, including those designed to ensure economy and efficiency" (The Auditor General Act, 1977 c. 56, s. 19(2)). My research indicates that this requirement was not lightly made, as legislative debate of the Act would illustrate. However, I have also been able to trace the early development of the Act, and so better understand the development of the government's programme for efficiency auditing. I have confirmed that as a member of the planning group charged with developing these reforms, the then Provincial Auditor, Bill Rogers, with the advice of his staff, wrote the first draft of what would become his own governing legislation. The legal draftsman then developed a more formal first draft based on the Provincial Auditor's draft. An attentiveness to governmentality, and to the translation of political rationalities into programmes, has been argued to critically involve experts, and to draw on their expert knowledge and status

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<sup>21</sup> A then senior Treasury Department official has indicated that there was some discussion as to whether the pre-audit function should be abolished. The decision to continue to pre-audit, as part of the Treasury Department's duties was made at the highest levels of government.



(Foucault, 1978a; Miller & Rose, 1990; Rose & Miller, 1992). Government reliance on expertise can be seen here, as auditors drafted legislation governing their own responsibilities.

There had been no public inquiry or similar extended debate in Alberta regarding the Auditor General Act. Instead, the programme elaborated in the Federal Government of Canada was imported and adapted in Alberta. The Wilson Committee had both reflected and reinforced a changed view of what government auditing should involve. In its wake, the committee's report would be used as a model for government auditing in Alberta, as Rogers made clear in a later speech describing the drafting of the Act,

For those of us involved in planning the audit system—it was a joint effort involving the Provincial Treasurer, Legislative Council and myself together with members of our respective staffs—the timing [of the Independent Review Committee] was most fortuitous because although we had many useful discussions with legislative auditors and their staffs and government officials both here in Ottawa and in the various Provinces and had access to and developed a great amount of research material, without a doubt the most influential document we had to work from was the Report of the Independent Review Committee on the Office of the Auditor General of Canada which was issued shortly after we had commenced our task. I think that it is fair to say that the ultimate form and content of the Alberta Auditor General Act [...] was greatly influenced by that document (Rogers, 1980, p. 3)

Beyond its influence in a changing discursive representation of auditing, the Wilson Committee provided a model on which programmes could be based. The original draft Act indicates the source of ideas and legitimation that the Wilson Committee provided, both with formal reference to their report, and with absorption of the committee's representation of the duty inherent in legislative authority for expenditure. Consider this quote, from a section headed 'Philosophy' at the start of the draft:

Accountability is the obligation to answer for a responsibility that has been conferred and presumes the existence of at least two parties: one who allocates

responsibility and one who accepts it with the undertaking to report upon the manner in which it has been discharged.

The Legislative Assembly confers the responsibility to expend public funds upon the Government and upon bodies responsible to the Government. There is in all such situations an inherent presumption that responsibility will be accepted with due regard to economy, efficiency and effectiveness. This conferring of responsibility results in the Government and other bodies referred to, becoming accountable for all funds entrusted to them for the carrying out of the various authorized programmes (Office of the Provincial Auditor, 1976, p. 1).

This interpretation of authorisation inherently involving duties with regard to economy, efficiency and effectiveness followed the Wilson Committee's understanding, which was itself representative of a changing environment. As Rose and Miller (1992) note, language is performative. In suggesting such duties inhered in authorisation, auditors established a continuity between previous practice and the proposed expansion of their mandates, marking out broader boundaries for their exercise of expertise (Abbott, 1988; Miller & Rose, 1990).

A review of the eventual Act and the initial draft suggests that government largely followed the work of the planning group. There were changes, however, in the specific wording of the auditors' mandate for efficiency auditing. The original draft read as follows:

The Auditor General may conduct audits or investigations, financial or otherwise, in order to determine whether the programs of public bodies are being operated in an economic and efficient manner, and whether satisfactory systems to evaluate the effectiveness of the programs are being employed. (Office of the Provincial Auditor, 1976)

More notes surrounded this draft provision than any other. They closed with further suggestion of continuity with prior practice:

The areas of economy, efficiency and compliance with statutes and regulations have traditionally been of interest to legislative auditors. The only

difference between present practice and proposed practice is that whereas hitherto such comments formed a part of relevant 'management letters' under the proposed section matters of a material or significant nature would be also included in the Auditor General's report. (Office of the Provincial Auditor, 1976)

It seems that this was not entirely convincing to government, and that the section was a focus of some contention. My own interviews with a number of participants in developing the legislation, suggest that a political decision was made to limit the role of the Auditor General, and to shy away from allowing unbridled inspection. Ministers and very senior (politically appointed) public servants were concerned that this might impinge on 'policy' issues. At the time, the provincial government was rapidly expanding, this growth being fueled by rising resource revenues (largely due to the oil boom). As part of this expansion the government had deliberately placed a series of offices and other public facilities in smaller, relatively isolated urban centres, as part of a policy of regional development. It was hoped that this distribution of government activity would allow the development of smaller communities, and avoid the concentration of economic growth (and population) in the metropolitan areas of Edmonton and Calgary, resulting in a largely unpopulated rural hinterland.

Politicians feared that this strategy of rural development might not fit with an auditor's view of efficiency (indeed, it was understood that on a cost minimisation basis the better course would be to go along with urbanisation, and locate almost all government operations in the two major cities.) This political decision was made on social and other grounds; to preserve politicians' latitude with respect to policy, audit legislation was framed in an attempt to limit the auditors' gaze. While ministers were wary of allowing unbridled review of government operations, they settled on a mandate that would allow an audit of "systems" designed to manage economy, efficiency and effectiveness. Expertise and political rationalities continued to mix as these expert proposals were considered by cabinet: a number of cabinet ministers were also chartered accountants, and they argued that auditors had the professional knowledge to

audit management systems. The wording that appeared in the Act was approved, and efficiency auditing became law.

The Auditor General's mandate would be presented to the Legislature by the Provincial Treasurer as avoiding usurpation of political authority, or encouraging reports on matters of 'policy' (Alberta Hansard, 26 October 1977, p. 1694). Yet as the Wilson Committee had shown, much can hang on the interpretation of statutes. Mr. Rogers recalled in an interview that after the meeting in which this clause was amended, "I went back up the hill [between the Legislature and Audit Office], sat down, and thought to myself, I can do everything I wanted." Though the mandate was conceived in terms of limiting the auditor's new form of reporting, with political concerns that efficiency auditing might preclude certain policy choices, auditors felt that they were effectively free to report as they thought fit. Nevertheless, it seems that their perceptions of what it was appropriate or worthwhile for them to report would themselves become the subject of significant social interpretation. I attend to this in reporting my field observations.

### C. CONCLUSION

This study suggests that specific discursive articulations need to be addressed to understand the mechanics of the development of efficiency auditing. I have argued that discourse, operating at a variety of levels, jointly influenced the construction of auditing in Alberta in the 1970s, and that to understand the attractiveness of efficiency auditing in the province at the time, one must address broader political debates and rationalities, attending both to those that were specific to Alberta, and those that drew from a wider frame. These rationalities formed a particular coalescence in Alberta, in ways that fostered an interest in modern management techniques in general, and the idea of efficiency auditing in particular.

I have argued that beyond the problematisations and outlines that are created by political rationalities, the implementation of reform crucially depended on expertise, and that as a result, the views of experts were especially influential in shaping the ways in which efficiency auditing would operate. Experts

themselves create and draw on specialised discourse, as they communicate amongst those that they see as being a part of their own particular communities. I have understood legislative auditors in Canada as coming to see themselves as one such community, facing common problems and opportunities, and drawing on common intellectual resources, including the programmes provided by the Wilson Committee, the activities of the Federal Auditor General, and other models.

The multiple levels of discourse to which I have referred are themselves mixed in the field, both in terms of reciprocal exchange and permutation of ideas, and in terms of the social actors who work within them. The accountants, treasury officials and lawyers charged with the development of Alberta's Auditor General Act, for example, were concerned with reform of what had come to be seen as an archaic system of financial administration, and with the development of efficiency auditing as a modern practice. They drew on the social exposures of their professional lives to make sense of the world, and separate out what they then believed constituted best practice to enact in legislation. But beyond this, they were themselves immersed in wider discourse, regarding the spirit of the times, and a perception that the 1960s and 1970s were a moment of particular change. I have identified the operation of such concerns in promoting the Progressive Conservatives' appeal to contemporaneity; but consider the views of one member of the planning team that developed the Auditor General Act:

Peter Lougheed [Conservative Premier] came from the Harvard Business School and Peter thought, you know, he had all this [background]. And a lot of us in government at that time also, in the 1960s everybody believed that science conquers all, right? If you just get it right, you could make the world round, and all those good things. Lougheed certainly had a notion of professionalising, I think, and that had developed in the sixties in the public service as well. But the notion of professional management, and certainly the idea that as part of good, solid, financial management you needed an external watchdog to ensure you were managing properly, [...] that was the embryo.

The authors of legislation were clearly influenced by the particular climate of the time— as the same official put it, “the climate of the 1960s was really one



of, just bring some of these new analytical tools to bear, and you can just do anything." Such perceptions amongst officials were not solely created by their professional work, rather, as social actors they were exposed to *multiple* flows of ideas, each having the capacity to add to and influence others. The faith in technology that this official describes was to him a clear feature in the discourse that he and his colleagues shared. But it was equally a feature of the political rationalities of the day, as politicians in the province and elsewhere drew on, and reproduced, ideas of the value of managerial competence. For individuals, the ideas of everyday life (Hopwood, 1994) come together in a particular coalescence, whether they be from commitments in professional, political, domestic or other spheres (Burchell et al., 1985; Burchell et al., 1980; Radcliffe et al., 1994).

The conditions of possibility for the association of efficiency with auditing were circumscribed by a highly specific intersection of ideas and practices. To understand this intersection in the present case, analysis needs to address such areas as the provincial history that led to the idea of a non-partisan, 'business government,' the use that the Tories made of such conceptions in their challenges to Socred rule, and the political preference for a challenge over 'managerial competence,' rather than policy. It also needs to incorporate the models and practices of the time, such as the aggressive auditing of the Federal Auditor General in the late 1960s, the re-interpretation of auditing mandates offered by the Wilson Committee in 1975, and the specific practices of financial administration that had developed in Alberta over time. On their own, each dimension is insufficient to understand the circumstances by which auditing came to be about efficiency; together they offer a view of the environment in which actors worked. In attending to this detail, and in tracing links up and down between general factors and concerns, and those that were highly local, I have been concerned to understand the specific social context of the development of efficiency auditing. As Burchell et al. have commented of the reciprocal relation between the social and accounting,

The social has been brought into contact with accounting but the intermingling of the two has not been explored. As a result, little is known of

how the technical practices of accounting are tethered to the social, of how wider social forms can impinge upon and change accounting, and of how accounting itself functions in the realm of the social, influencing as well as merely reacting to it. For to date the relationship of accounting to the social has tended to be stated and presumed rather than described and analysed. (Burchell et al., 1985, p. 382)

My concern has been to map out the context in which links were forged between efficiency and auditing in one jurisdiction, at one particular time. While I point to the importance of local history and circumstance in influencing the adoption and implementation of efficiency auditing, I would also emphasise that other exemplars of these social processes, though dealing with different issues, would seem to involve a similarly local mixture of practices and ideas. The mechanics of the deployment that I have mapped out here are specific to a time and place, but the broader ideas of links between ideas and practices, and between multiple levels of discourse, are not.

I have used the idea of governmentality, and especially Miller and Rose's (1990; Rose & Miller, 1992) development of rationalities, programmes and technologies in framing my analysis. I close by discussing the role of 'different' analytical levels. While for exposition it may be useful to speak of rationalities, programmes and technologies as separate analytical categories, they can be seen to operate in conjunction in the field. This reciprocity may be seen in a number of instances. For example, the development of Alberta's efficiency auditing involved certain political rationalities, but these rationalities were themselves influenced, at an early stage, by a nascent programme, seen in the Taxpayers' Protection Act. Similarly technologies, in the shape of auditing practices observed in the field, influenced earlier rationalities, as the auditing practices of the Auditor General of Canada provided an example for other jurisdictions. Programmes again involved a meshing of levels, as rationalities and technologies informed, and allowed, the creation of a detailed auditing response matched to political concerns.

This combination of analytical levels continued at the level of individual actors. At first, one might understand senior Albertan Tories' interest in efficiency auditing solely in terms of political rationalities, and their attention to

political discourse. But it is clear that these politicians did not exclude the discursive influences of their own professional lives in considering the political, as is evidenced by Lou Hyndman's earlier discussion of the Tories' social background

I think that they had experienced that [auditing], they had seen that in their own offices, or they had friends and associates who had done that, and so to them it was nothing unusual.

Similarly, the rationalities of different professional groups within government, such as qualified accountants, university trained economists, planners and others provided a grounding for reform. Miller and Rose point to the role of expertise, and to government's increasing reliance on, and invocation of, professional knowledge in increasingly complex government administration (Miller & O'Leary, 1993; Rose & Miller, 1992). Just as we should consider the combination of analytical levels as a whole, we should consider the specific combinations of discourse that individuals themselves experience and appreciate. While we may conceive of the Tory cabinet of the 1970s as fostering political rationalities and developing certain programmes, the significant numbers of lawyers, accountants, business school graduates and the like involved in politics suggests a mixing of the political and of specific, trained expertise at the most basic levels.

Similarly, while we might think of the planning teams charged with the development of the Auditor General Act as experts, they were themselves immersed in society's wider political debates. In thinking of the normative context of the time, interviewees would point to their own appreciation of wider concerns, as one made clear in recalling the 1960s as a time of veneration of science and managerial competence. Others would point to the politics of expertise, as auditors "got their cues" and "fed" off one another in developing ideas of efficiency auditing. These kinds of exposures to and perceptions of the world indicate broader linkages between auditing and the exposures of everyday life, that have yet to be fully appreciated (for discussion of this omission, see Burchell et al., 1985; Hopwood, 1992).

In closing, I would note the varying approaches of government to efficiency over time. In Alberta in 1977, efforts to improve government efficiency came to involve auditing. Earlier analysis has attended to this confluence of ideas as socially specific. While this specificity can be appreciated in the mechanics of developing ideas of, and frameworks for, efficiency auditing, it can also be seen in the various ways that governments have tried to attain efficiency over time. In Alberta alone, there had been a variety of other programmes to promote efficiency, including the creation of the post of 'Efficiency Officer,' under the Public Service Efficiency Act (RSA 1918, c.16), which mandated the Civil Service Commissioner to investigate departments with a view to the improvement of their organisation and business methods (RSA 1918, c.16, s.5(a) ). Elaboration of the mandate shows that efficiency was at the heart of this measure; the Commissioner was similarly charged

to recommend to the President of the Council, such action as will promote the co-ordination of the work in different departments or the reduction or re-organization of the staff of any department with a view to greater economy and efficiency in administration. (RSA 1918, c.16. s.5(f) )

To fulfill this mandate to improve economy and efficiency in administration, the Efficiency Officer focused largely on personnel issues, in line with then current concerns for the scientific management of employees (Taylor, 1911; Taylor, 1912). As a result, the Efficiency Officer produced reports on grades and salaries of provincial employees, together with details of hiring (The Efficiency Officer, 1919). By the standards of the Wilson Committee, a community of legislative auditors, and certain politicians in the 1970s, efficiency was something that was appropriately investigated by auditors. Auditors' authority to do so, was held to be an inarguable fact (Wilson et al., 1975, p. 33) based on their mandate to ensure that there was appropriate legislative authority for expenditures. In Alberta, these provisions dated back to the province's earliest guides to financial administration (The Treasury Department Act, RSA 1906, c.5). Yet at the time that the Provincial Auditor's only public expression of opinion under this same mandate was a simple



statement that the accounts were "certified correct" (Treasury Department of Alberta, 1914), the Efficiency Officer would make clear, public statements as to efficiency, albeit an efficiency that was differently oriented and conceived.

Generally, the reports from the Departments indicate the existence of a standard of efficiency, which is quite satisfactory. In a few cases, employees have reached the age where their usefulness might be questioned. (The Efficiency Officer, 1922, p. 3)

In justifying the Treasury Department Act, the Financial Administration Act and other legislation, politicians would of course speak of the role of these measures in promoting efficiency. In interviews, C.K. Huckvale, Provincial Auditor for some thirty years, would argue that efficiency was a part of his concerns as he oversaw the pre-audit of expenditures and the issue of cheques. Efficiency, it seems is a highly malleable concept (Hopwood, 1988a, p. 6). Indeed, while various Acts, plans and procedures may have been justified in terms of efficiency at a general level, explicit responsibility to publicly pronounce on efficiency had moved from the area of personnel to that of auditing. I introduce this example to show the idea of efficiency as a changing and socially contingent concept. In the 1920s, with the influence of scientific management and other managerial knowledge of the day, efficiency was seen as being within the jurisdiction of personnel. By the 1970s auditors' investigations of efficiency became paramount, again influenced by the knowledge of the day. The idea of efficiency as a stable, rationalisable concept, that could be contained or understood by equations or other scientific trappings seems difficult to sustain in the face of such differing interpretations.

I attend to matters of interpretation in much of what follows. While at this stage it is possible to understand how auditing came to be about efficiency in Alberta in terms of a confluence of ideas and practices, inflected by both general and highly local concerns, it is still unclear how auditors come to know what efficiency is, and how they establish categories of what is or is not efficient. The reports of committees, political commitments and even laws establish broad frameworks within which auditors are expected to work. This, of course, is the



nature of the programmatic; programmes depict domains in ways in which they are rendered susceptible to a body of knowledge, in this case, auditing, providing a basis on which that knowledge might be brought to bear (Gordon, 1980). In this example, programmes have set the scene for auditing knowledge to act as an intellectual machinery to improve the efficiency of government administration. But these programmes establish only the broadest of frameworks. Just as social interpretation is seen as politicians, professionals and others effect the translation from political rationalities to programmes, making sense of auditors' mandates and proposed responsibilities, so interpretation is an essential element in the operationalisation of this programme (Rose & Miller, 1992). For auditors provided with a mandate to audit for efficiency, the immediate task is one of working through, and making sense of, their changing professional duties. I attend to this interpretation of efficiency auditing in examining the operationalisation of this practice.

## IV. A Developing Technology

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### A. FROM PROGRAMME TO TECHNOLOGY

In this chapter I illustrate the very real problems in grounding and establishing technologies, through a review of professional standards and guides. I show that the development and application of technologies is at least as uncertain and contingent as those processes addressed in analysing political rationalities and programmes. Technologies allow for the enactment of political rationalities and programmes of government. But this is by no means a simple matter of mapping from one domain to the other, a fact which Hoskin (1994) and others recognise in arguing for an attention to practices. For the sake of clarity in exposition, political rationalities, programmes and technologies may be addressed in series,<sup>1</sup> but, as suggested in the previous chapter, the links between these various levels may be better understood by their reciprocity and inter-relation, rather than by strict direction from one to the next.

Earlier Foucauldian work sought to establish that accounting encompassed more than mechanical technologies by grounding these technologies in discourse, and bringing more general political rationalities and programmes into view.<sup>2</sup> There was less attention to the ramifications of technologies themselves. By contrast, I suggest that by addressing the development and application of technologies, it is possible to bring out the inter-relations between technologies and other analytical levels, and to grasp the wider

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<sup>1</sup> The present work addresses political rationalities, programmes and then technologies in sequence for presentational purposes, rather than in an attempt to develop an argument of causality or primacy of one of these elements over others.

<sup>2</sup> Prior research undermined mechanistic views of organisation (e.g. Argyris, 1960; Simon, 1945), an approach that has fed into some branches of accounting research.

influence of the technological. Fuller analysis in chapters six and seven incorporates observations of auditing in the field; at this stage I review documentary sources. In starting work on this project I turned to documents first, and gained insight from them; however, I came to the conclusion that these insights were limited, and that further study was required. I turn to documents first in this account so as to review the insights that they provide, and to elaborate and account for the direction that my studies took.

## B. MAPPING OUT EFFICIENCY

### 1. Administrative Technologies

The present analysis has traced the development of an expanded auditing mandate from an initial vague articulation as a programme in terms of preventing waste, to later legislative statement. But consider the problems of matching audit technology to a general requirement to form opinions on such matters as

- i. accounting systems and management control systems, including those designed to ensure economy and efficiency, that relate to revenue, disbursements, the preservation or use of assets or the determination of liabilities were not in existence, were inadequate or had not been complied with, or
  - ii. when appropriate and reasonable procedures could have been used to measure and report on the effectiveness of programs, those procedures were either not established or not complied with...
- (The Auditor General Act, 1977 c56 s19{2})

Though these clauses provide a more detailed and programmatic articulation of political rationalities, they do not begin to establish the technological basis for the audits which they mandate. As with much else in governmentality, this has been left for the consideration of experts, as a matter for expertise (Miller & Rose, 1990; Rose & Miller, 1992). Expertise is central to a transformation in the rationalities and technologies of government, and the development of a new

legitimacy of government based on knowledge. Impersonal government relies on claims to knowledge and expertise to legitimise its activity, where as older forms of rule had depended on the personal authority of the sovereign. Experts may question and direct many socio-political objectives in their involvement in committees, institutes and other groups, in work which often underpins governmental programmes. Experts may be called on again in the development of technologies which allow for the day to day operation of these programmes, an enabling function on which governments and individuals have been increasingly reliant (Rose & Miller, 1992, pp. 187-189). I now move to these professional elaborations.

#### *a. Standards*

Documentary analysis can provide initial insight into the framing of these problems. In recent times what it is to be professional has been subject to increasing codification and regulation, both statutory and otherwise (e.g. Robson et al., 1994). An increasing proliferation of written guides and standards of professional behaviour has been one result. Extant Canadian standards for expanded auditing practice might suggest a simple and direct approach to these issues

Auditors act and report in accordance with their mandates. Audit mandates specify what is required of auditors and provide auditors with the authority to carry out their work and to report. (PSAAC, 1985a)

At first sight, this process seems direct enough; but the accompanying audit guidelines start with the candid recognition that

The amount of discretion that an auditor has in establishing the objectives and scope of a value-for-money audit varies. Some value-for-money audit mandates embodied in legislation, such as those of legislative auditors, provide only general direction about objectives and scope. In such cases, auditors must establish the audit objectives and scope for particular value-for-money audits. (PSAAC, 1990)

These guidance notes make it clear that the programmatic offers an incomplete guide to practice in the field. It seems that audit objectives and scope are developed on a case by case basis (audit objectives must be established 'for particular value-for-money audits'). At other points, where the links to the attest audit carried out in the private sector are clearer, the guidelines and standards incorporate private sector rules into those governing public sector behaviour (PSAAC, 1985b, s.04 for example). But where such links to established knowledge are less clear, it seems that technologies are to be worked through in the field. This is recognised both in the text of the guidelines, and, implicitly, in their late arrival; though published in 1990, such audits had been conducted since the late 1970s, without official Institute guidance.

The limitations of available guidance and standards is itself a recurring feature of Institute documentation. The statements note that the appropriate basis for much government accounting is vague since,

entities in the public sector, such as governments, would be considered 'special circumstances' as envisioned by the Reporting Standard because uniform accounting principles applicable to them have not yet been formally recognised by a standard-setting body and generally accepted. (PSAAC, 1985b)

In the absence of established auditing standards, attest audit is far from simple. Those standards that have been developed suggest that expanded audits are conducted in a hermeneutical process (Boland, 1989) in which theory provides little guide, and meaning must instead be worked out in the field. It is in this sense that the objectives and scope of value-for-money auditing are largely up to the auditors concerned. Significant ambiguities remain in audit mandates to establish the compliance of government departments with their statutory and administrative authorities, since

Under such mandates, the identification of specific authorities to be complied with and the selection of matters to be examined are usually at the discretion of the auditor. As a result, in fulfilling their mandates, auditors take different



approaches to the selection of matters for examination. (s.19, Public Sector Auditing Statement 3, PSAAC, 1986)

The discursive effect of such statements is significant: in presenting the auditing process as complex and specific, with auditing mandates that defy generalisation, the standard setters reduce their own role (there is little standardisation) and place the auditor at the centre. This material suggests both that audit mandates are varied and complex. As a consequence auditors are given significant latitude in the work which they carry out.

The standard setters again encounter problems in defining those terms which appear in governing legislation. Initial definitions of economy, efficiency and effectiveness are attempted:

'economy' refers to the acquisition of the appropriate quality and quantity of financial, human and physical resources at the appropriate times and at the lowest cost.

'efficiency' refers to the use of financial, human and physical resources such that output is maximised for any given set of resource inputs, or input is minimised for any given quantity and quality of output provided.

'effectiveness' refers to the achievement of the objectives or other intended effects of programs, operations or activities. (PSAAC, 1988)

But the elaboration of these concepts draws on a collection of knowledge from various fields. Though the auditor remains at the centre of this process, guiding inquiry and ultimately exercising judgment, auditing may involve more than auditors can themselves provide:

Knowledge in many fields may be required to carry out specific value-for-money auditing engagements. The audit may focus on any of the entity's management systems, controls and practices and/or its operating performance or program effectiveness. Depending on the matters subject to audit, knowledge of and competence in fields such as engineering, statistical analysis, human resource management and economics, among others, may be required to make appropriate analyses and competent assignments. The auditor is not expected to possess the expertise of specialists on the audit team

but must have a level of knowledge sufficient to define the objectives and terms of reference governing the work assigned to them. (PSAAC, 1988)

Of course, power effects circulate in these and other statements. It may not be clear that an audit revolving around engineering issues should be conceived of and managed by engineers or others instead of accountants. Indeed, legislative debates in Alberta specifically questioned the expertise of auditors in such areas (Alberta Hansard, 26 October 1977, p.1694). These standards do more than establish a general approach to auditing. They picture these audits as a natural part of the auditor's domain—as work which is clearly theirs. It is these kinds of discreet, seemingly unremarkable statements that collectively build a discursive field (Miller, 1994, pp. 123–164)

Value-for-money auditing, then, involves an assembly of diverse expertise, to be brought together, directed and codified by the auditor who is presented as being at the centre of this procedure. It is in this sense a prime example of a governmentality dependent on expertise, particularly professional expertise, in which *evaluation* is central, with systematised consideration of various forms of policy, courses of action, behaviour, etc. (Gordon, 1991).

In the case of audit there is a clear presumption in legislative debates, public comment and the like that these analyses will be systematic. Indeed the very idea of professionalism in accounting has increasingly been interpreted in terms of growing standardisation and regulation of professional conduct (Preston et al., 1994). There are numerous references in the standards that fit with these more general ideals. According to PSAAC, auditors should be competent to the task in hand (PSAAC, 1988, s.10); they must act with due care and objectivity (s.14, op. cit.), audits must be properly planned, executed and supervised (s.17, op. cit.), and their reports must be based on sufficient appropriate evidence (s.31, op. cit.). But all this is recommended in a context of uncertain and varying objectives, in which criteria for evaluation are themselves ambiguous:

There is no body of generally accepted criteria for all aspects of value-for-money auditing. Criteria may be developed from various sources, including:

- legislation or policy statements;
- standards of good practice developed by professions or associations;
- statistics or practices developed within the entity or among similar entities;
- and
- criteria identified in similar value for money audits.

Criteria developed from these sources may require interpretation and modification to ensure their relevance to the entity under audit. (PSAAC, 1988)

It seems that there is considerable ambiguity in links between the programmatic and the technological. Professional statements which seek to standardise and codify practice in the area suggest that these ambiguities are resolved in the field, with the use of professional judgment. But how does an auditor set about forming an opinion on the adequacy of motor vehicle licensing, fisheries management or other specific governmental concerns? Audit manuals offer a more specific guide.

#### *b. Manuals*

I now examine the audit manual used in the Office of the Auditor General of Alberta (1991). Like auditing standards, the manual presents significant gaps in written expression of auditing technologies. It also presents expanded auditing mandates as a practice which involves significant interpretation, although it also suggests that this may be thought of as standardised in other ways related to accountants' more familiar attest audit work. I attend both to gaps in the manual's presentation of auditing and to the kinds of discursive articulations that the manual itself represents. This latter analysis remains preliminary, largely because of the specialisation of the manual, and the apparent immersion of the manual's author in a specific discursive field of practitioner knowledge that is only partially articulated in the manual itself.

It is clear that the manual and the ideas which it represents draw upon a more detailed and specialised practitioner knowledge regarding these issues.

Practitioner immersion in this specialised knowledge presents problems of hermeneutical complexity—how does one appreciate the ideas and knowledge of unknown authors in unfamiliar and local cultural contexts (Boland, 1989)? My own response is to obtain exposure to these contexts through fieldwork. Nevertheless, one can attempt basic analysis at this stage.

## 2. Systems Auditing Explained

TABLE 1: SYSTEMS AUDIT PROCESS OVERVIEW  
(Office of the Auditor General of Alberta, 1991)

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Knowledge of Business Phase<br>(Abbreviated as KNOB) | <p>Audit Team:</p> <ul style="list-style-type: none"> <li>• Gathers knowledge of business.</li> <li>• Identifies issues, focuses on audit issues, and develops criteria statements for these issues.</li> </ul> <p>By the end of the knowledge of business phase, the audit team should have:</p> <ul style="list-style-type: none"> <li>• an up to date knowledge of business summary;</li> <li>• an audit issue memorandum for each identified audit issue.</li> </ul> |
| Audit Issue Memorandum Approval                      | The audit issue memorandum is approved by appropriate level of management and forwarded for inclusion in the office's inventory of approved systems issues.                                                                                                                                                                                                                                                                                                              |
| Issue Selection and Execution                        | <p>Issues selected for audit.</p> <p>Resources Allocated.</p> <p>Confirm existence of audit issue, if necessary</p> <p>Arrange and hold an entrance meeting with client management.</p> <p>Audit execution.</p> <p>Report (Exit Conference, Management Letter, A.G. Report)</p>                                                                                                                                                                                          |

Table 1 shows a somewhat linear view of the development of what the office terms a 'systems audit'. Though the manual itself departs significantly from this

simpler view, the table does give an initial overview of the administration of such work.

The manual itself starts with an overview of the purpose of systems auditing, and goes straight to the issue of the Office's interpretation of its mandate. Ministers had expressly understood the governing legislation to limit expanded auditing mandates, and had been somewhat wary of "the question of management auditing or value accounting or value for money spent—all those phrases having a similar connotation," (Alberta Hansard, 1977, p. 1694). By contrast, the audit manual states that its mission is to improve the financial administration of the province.<sup>3</sup>

Improving financial administration does not mean limiting the scope of systems audits to financial systems. Most management control and information systems impact financial administration, including accountability, and are therefore subject to audit. (Office of the Auditor General of Alberta, 1991, s.10.1)

The programmatic does not normally produce detailed interpretations. Instead, it is the technological which fills the gaps left by the more general statements of the programmatic. But this initial expression of the scope of audit itself operates at a level of significant abstraction. The manual makes it plain

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<sup>3</sup> Legislation is subject to re-interpretation over time. Often, these re-interpretations will simply be the concern of experts, such as auditors, departmental officials and others, who are effectively free to establish acceptable practice. There is no ongoing review of statutory authority, other than that provided through occasional court cases.

One effect of this is that the meaning of legislation is largely left for expert interpretation, an effective delegation of responsibility that enhances the significance of expertise in government. It is not clear that many of these cases of interpretation are subject to direct sanction by politicians or others. Legal and moral issues arise in the development of complex interpretations such as those in the Auditor General's manual. While ministers framing legislation had aimed to limit auditors' gaze, audit manuals indicate that this was unsuccessful in that "most management control and information systems [...] are subject to audit" (Office of the Auditor General of Alberta, 1991, s. 10.1). Politicians aimed to constrain audit activities; expert interpretation seems to have circumvented this aim.



that the operation of this technology involves detailed prior specification of the subject of the auditor's inquiry. The audit is first defined in terms of *issues*;<sup>4</sup> significant aspects of an entity's operations which if not managed well could jeopardise the success of the entity or program (Office of the Auditor General of Alberta, 1991, s.20.1). *Audit issues* are understood to follow from these, and are those issues likely to produce reportable audit findings and associated recommendations for improvement (Op. Cit., s. 20.2).

Systems audit technology is framed to act strategically rather than comprehensively: only those issues which seem likely to result in reportable audit findings and suggestion for improvement are pursued. Note that under the Act the Auditor General chooses the areas of his investigation, both for regular annual reports, and for any special reports that the Auditor General may deem necessary. (The only element of direction allowed is a request from government that the Auditor General investigate specific issues; the Auditor General may choose not to pursue such requests.) To qualify as an audit issue it must relate to matters important to management success, must be likely to produce reportable findings and recommendations, and must also be matchable to specific *audit criteria* against which auditors may compare management's handling of the issue. Auditor interpretations such as these effectively blur distinctions between 'systems' and 'operations,' even though politicians (and others) framing the legislation had earlier hoped that these were clear. The limited gaze that auditors were to be allowed under the legislative programme for audit reform seems to have been expanded in subsequent operationalisation, with the working through of auditing technologies.

Note that the above definition of an audit issue does not mention systems. As a rule, systems do not come into the picture until we define audit criteria. A system is rarely an audit issue. More often, the audit issue is the management concern that the system is designed to address. (Office of the Auditor General of Alberta, 1991, s.20.4)

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<sup>4</sup> At this point I italicise certain key terms from the Audit Manual to stress their special meaning.

In this sense, auditors establish broader management concerns as 'audit issues,' an approach which directs auditing away from a concern with mechanics, and towards wider social objectives. In operationalising the programmatic, auditors are working out much of the meaning of the programmatic. *Significance* is a central concept in this; rather different to the more common concept of materiality in financial statements, significance is a term embodied in legislation and government practice (PSAAC, 1988). The concept involves both quantitative and qualitative considerations, including financial magnitude,<sup>5</sup> but encompasses far more than would typically be understood to influence audit. The manual lists such influences on significance as:

**Importance:** certain Government policies are essential to achieving objectives. Similarly, entities have programs, operations or activities that are essential to achieving their objectives.

**Economic, social and environmental impact:** although a project or program may have a relatively small budget, it may affect a large segment of the population or the environment.

**Management action with respect to important issues previously raised:** The auditor may attach greater significance to those areas where management has not made adequate improvements to address similar issues raised in prior systems audits or other studies.

**Interest expressed in the matters:** interest may be shown by the Legislature or other governing body, by management of the entity, or the public.

**Impact of a centralized function:** central budgeting payroll, payments, personnel, and administration are examples of centralized functions. The effect those functions can have on other entities or on other portions of an entity may be more significant than their size or nature may otherwise

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<sup>5</sup> Financial magnitude is the usual interpretation of materiality in an attest audit. This is formally stated as an item of information, or aggregate of items, which if they were omitted or misstated would influence or change a decision (CICA, 1991, s. 1000 para. 17). Amounts over a cut-off point, often 0.5–2% of total revenues, might be termed material and worth further investigation; amounts under this point would be termed 'immaterial'.

indicate. (Office of the Auditor General of Alberta, 1991, s.20.4, emphasis in original)

The significance of an audit issue is influenced by a far greater range of concerns than the monies immediately involved. In defining significance auditors explicitly admit that political concerns can be incorporated in determining the relative importance of an issue, and can help in the direction of this strategic approach. In chapters six and seven I demonstrate the significance of the political in audit activity.

Views as to the individual significance of issues could, of course, vary both between groups and over time, giving rise to different auditing directions. Systems audit involves clear elements of prescription in sorting these various views. The manual recognises that various parties such as the providers and recipients of services may have views of what is critical to a program and, by implication, what should be an audit issue. It asks whose view should prevail, and concludes,

The answer has to be—management's view, or rather, the auditor's perception of the way in which the audit issue should be managed in order for management to be successful.<sup>6</sup>

But be careful, this answer assumes that management has considered the concerns and needs of all the program's constituents and has correctly identified its own priorities. In practice, of course, this may not be the case.

So, when deciding whether the activity is significant enough to be an audit issue the auditor is searching for activities that **should be** critical to management. (Office of the Auditor General of Alberta, 1991, s.20.4)

This exposition of the operationalisation of government auditing as technology suggests that both prescription and the auditor's own views of what

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<sup>6</sup> This reference to management's view may suggest a homogenous, unified view of what management is, and what it involves, in the face of potentially heterogeneous views this representation is problematic, as has been noted by McSweeney and Sherer's (1990) critique of value for money auditing, discussed in chapter one.

is critical to management success, are internal to the development and structure of such audits.<sup>7</sup>

These normative concerns themselves drive the formation of audit issues and their subsequent comparison against *audit criteria*. Audit criteria are standards of performance and control which are reasonable and attainable, and against which the adequacy of management's "control and information systems and practices" can be assessed (Office of the Auditor General of Alberta, 1991, s.20.5). These criteria are themselves the product of a variety of discourses. The manual envisages criteria to be produced as a result of the auditor's training and consequent outlook on best management practice, as a result of professional standards, similar prior audits, management's own criteria and more general management articulations ("the Office library and commercial bookstores contain many books on contemporary management theory and style", s.20.5).

The process of planning and executing audits seems to involve more than can be grasped by the analysis of documents. Though careful records are kept to describe and justify issues, audit issues and related criteria, (s. 70) these are the result of significant deliberation; they do not capture much prior analysis. For example, in the development of initial knowledge of the client's business the manual suggests audit team meetings to 'brainstorm', interviews with client management, the investigation and substantiation of 'hunches' and the analysis of a series of areas such as recent changes in the client's operations or environment, and the objectives of the organisation. The resulting audit issues are codified and internally approved in Audit Issue Memoranda, and the audit commences.

Though this knowledge eventually finds formal expression as audit issues, memoranda, etc., the manual does not map out how prior informal investigation might work; it does not indicate the kinds of knowledge or norms that inform 'brainstorming', 'hunches' and other preliminary investigation. So

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<sup>7</sup> In effect, one professional group (auditors) engage in a form of management and review of another professional group (managers), a development that parallels increasing institutional shareholder activism in the private sector, with pension and mutual fund managers actively scrutinising the management of companies in which they invest.

while such statements provide the important insight that such activity is encouraged, it draws on an assumed common knowledge in leaving guides to such activity unstated.

The manual details entry and exit conferences, the preparation and discussion of management letters and other aspects of reporting findings, but leaves much of the actual execution and evidence gathering to be worked through in the field. Resulting recommendations, however dispassionately derived, are themselves to be 'sold' to management: management has to be convinced that the recommendations will result in beneficial change; the manual notes that it is "vital that the audit recommendations be presented persuasively" (s.60.2). Elements of strategy underlying audit recommendations become visible at this point. Recommendations and report material are, it seems, written with specific ends in mind. It seems acceptable for auditors to speak among themselves of purposive reports, designed to encourage action. Nevertheless, such instances of apparently candid reflection on the auditing process are mixed with formal presentation. Consider the auditing process that is presented in Figure 1:



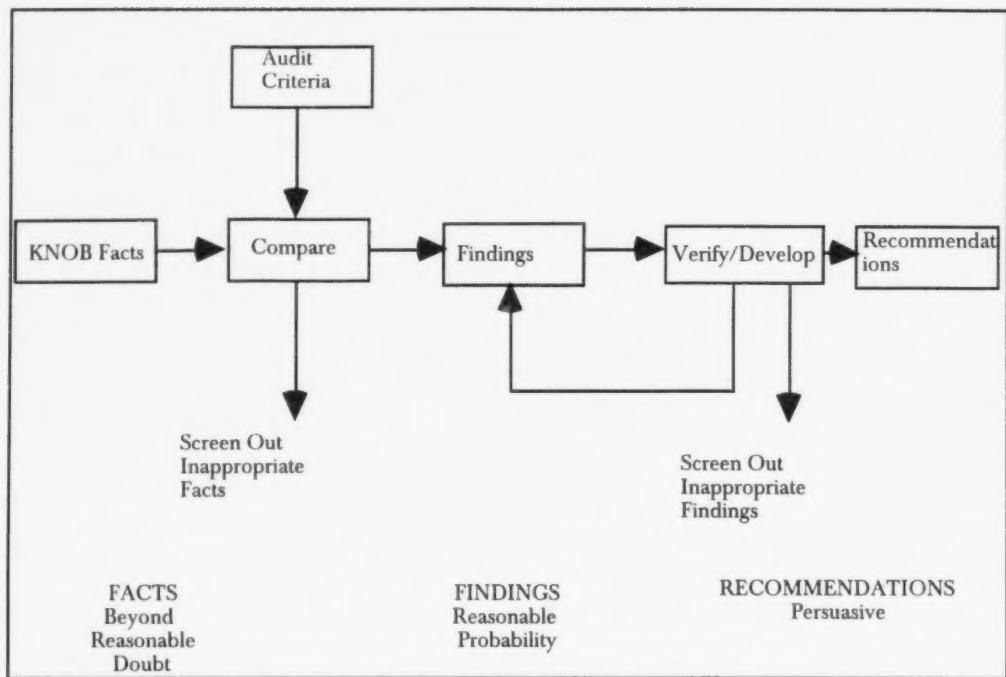


FIGURE 1: THE AUDIT PROCESS  
(Office of the Auditor General of Alberta, 1991, s.50.4)

What we see here seems quite different to earlier suggestions of audits initiated through brainstorming, hunches and other informal approaches. In this more aggregated account of auditing, these technologies are pushed into the background. Rather than originating with hunches, audits are presented as starting from knowledge of business 'facts'. The auditing process is envisaged as a linear, codifiable process, involving an orderly procession from facts to recommendations.

The presentation of 'systems' auditing is suggestive of underlying tension. On the one hand it seems that auditors recognise important elements of subjectivity in the formulation of their audits. Yet when the time comes to present a formal, diagrammatic statement of what this auditing is, these subjective elements are omitted. What is emphasised in their place is a rather simple, linear system, reminiscent of the formality and standardisation which the earlier PSAAB statements tend to associate with attest auditing. The manual does not provide sufficient scope to further investigate these and other gaps in our understanding

of how this form of auditing is operationalised. But it does alert us to certain tensions in this operationalisation. We should be aware of the politics of such statements and of the power that inheres in them. This diagram, like the manual itself, serves important social functions. In particular, it presents a potentially problematic social endeavour as being susceptible to administrative standardisation and procedure. In this way, the diagram serves to efface the underlying complexity in the auditors' work.

## C. CONCLUSION

### 1. Beyond Documents

Auditing standards and manuals provide significant interpretation of the audit mandate. They mark out the application of auditors' expertise to issues, as they categorise and plan formal procedures for going about their work. In particular, the manual reveals internal interpretations of legislation, reviews the triggers that might initiate an audit, and reveals such important concerns as the precedence that an auditor's opinion might take in assessing which issues should be critical to management activity. Others have noted the superior position often ascribed to management and management knowledge; managers are routinely presented as having the expertise, vision and power to control the social world (Macintyre, 1985). The interpretation of 'systems' auditing seen in the manual seems to place auditors in a super-ordinate position, above management and other knowledge, as auditors are called on to form opinions regarding management behaviour. The manual at least provides us with a start in investigating how auditors operationalise their mandate; it presents us with certain of the auditors' interpretive schemes (Boland, 1993). The manual provides initial exposure to internal discourses among auditors as they work, and helps to frame their practices, drawing on their wider professional knowledge as accountants, and their specific exposure in the public sector.

In this reading of the audit manual I have begun to trace certain practitioner discourses, sifting through auditor's representations of their work. In elaborating the discursive formation surrounding this form of auditing, the

manual is itself dependent on detailed and specialised practitioner knowledge, and as a consequence draws on highly specific meanings. In addition, auditors are exposed to (and participate in) a variety of more general discourses regarding their work and wider activities in the social world. It is difficult to track the interaction among these—and the consequences of this interaction for auditing—with this limited exposure.

On their own, documentary sources seem to draw on a highly specialised knowledge that is particular to a rather limited number of auditors. How can one break into this practitioner knowledge and so map out the discursively articulated rules guiding this auditing work? Field observation of auditing provides an answer.<sup>8</sup>

#### *a. Next Step: Fieldwork.*

A further level of understanding has been facilitated by access to an audit manual, with its detailed elaboration of approved procedures for the conduct of 'systems' audits. But the manual is itself highly suggestive of a working through of audit issues in practice, and of an elaboration of audit technologies in the field. I propose a movement to the field, and an analysis of the conduct of audit, as a means of capturing the operation of technologies and breaking into practitioner knowledge.

The view of accounting as more than simply a technical practice, as a discipline with influences beyond a simple provision of administrative technologies (Miller et al., 1991), has been a central aspect of the development of what is variously described as 'critical' accounting research. I have earlier argued that Foucauldian accounting research, in common with much critical work, has been concerned to establish accounting as considerably more than a

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<sup>8</sup> Some more conventional research has involved field surveys in studying auditing (e.g. Cushing & Loebbecke, 1986). Recent work has begun the process of using field study to critically examine auditing. Pentland (1993) studies attest auditors as they work on two audits. Although his work involved minimal field exposure (ten days' observations are reported) it nevertheless is a significant example of developing academic understandings of auditing through field work.

technological issue. This concern was initially developed by addressing the influence of the discursive, more usually political rationalities and programmes, in the development of accounting and auditing. In addressing the technologies employed in systems auditing and other forms of expanded auditing, I have sought to draw out some of the ambiguities of the technological which suggest a working through of these issues in the field. Working papers provide a basis for analysis, however they are often designed to provide the reasoning and evidence which led to an eventual course of action. As a result they detail

the work carried out including the audit findings, the causes, the consequences and the conclusions reached, and the decisions made (i.e. to report, to do more work, to change the audit objectives or approach, or to terminate the audit). (Office of the Auditor General of Alberta, 1991, s.70.1)

Because of this, working papers tend to provide subsequent support for a decision, rather than an attempt to catalogue the ambiguities or alternatives which accompanied it. This is not a criticism of the working papers, but simply a statement that they are produced for purposes other than research into the operation of auditing technology. No doubt their support of eventual decisions, recommendations, et cetera, is characteristic of working papers in attest audit. But this objective means that in the absence of comprehensive written evidence of the application of audit technology, the researcher must go beyond documents. One always runs the risk of producing an incomplete research account, and in many ways establishing a complete hold on discursive fields is impossible. But while accepting that completeness is a rather elusive concept one may still be concerned to examine the social elaboration of technologies by other means. One need not limit research focus to these often limited documents. In chapter five I turn to consideration of fieldwork, as a means of exploring systems auditing in more detail.

## V. Ethnography and Efficiency Auditing

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### A. METHOD AND THE 'NEW ACCOUNTING HISTORY'

The essential problem in developing a view of technologies is that the elements of technologies, their operation, and the means by which they might be uncovered, remain largely unspecified. This is evident in studies concerning governmentality (Miller & O'Leary, 1993; Miller & Rose, 1990; Rose & Miller, 1992), but it is also true of other work in what has been termed the 'new accounting history' (Burchell et al., 1985; Hopwood, 1987; Loft, 1986; Miller et al., 1991; Robson, 1991). Self-conscious elaboration of methods for the identification of technologies has been lacking in this work.<sup>1</sup> Though Neimark (1990) has charged that a method subsists in such work in a rather crude form (in that authors follow a similar approach), there are few accounts of method by such authors themselves, with the exception of Hoskin's recent elaboration (Hoskin, 1994). As the new accounting history has progressed to the field, discussion of method has been noticeable by its absence, even in work which makes extensive use of interview material and other fieldwork (e.g. Miller & O'Leary, 1994).

In this chapter I flesh out my own views on how the technologies of efficiency auditing might be explored, and position this approach in terms of others, and in terms of its own strengths and weaknesses. I suggest that fieldwork offers the most practical means of uncovering the technologies of expanded audit. But I believe that its benefits go beyond these practicalities. Differing methods bring different lenses to bear on a problem, each having differing properties which serve both to obscure and reveal. The case that I

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<sup>1</sup> Some work has been developed in sociology regarding the operation of technologies, for example, Latour argues that significant elements of science and engineering are themselves socially constituted (Latour, 1987). Similar arguments are presented by Preston et al. (1992).



make in the rest of this chapter is that fieldwork, often termed *ethnography*,<sup>2</sup> provides a lens that is particularly suited to an exploration of the practices and knowledge which have developed from expanded auditing mandates. One of the lessons of the field is that circumstances and participants in an activity matter; a person's position within an organisation, or their rapport with colleagues, may influence behaviour and ideas.<sup>3</sup>

The remainder of this chapter considers general claims for fieldwork, and develops a view of the social situation of such research. I argue that fieldwork offers distinctive benefits, and I develop a view of these as an alternative to a

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<sup>2</sup> There are varying terms for such qualitative research. Kaplan's well known call for management accountants to explore the mud of the field used the term fieldwork (Kaplan, 1984; see also Kaplan, 1986), which is the more common expression. I use fieldwork and ethnography interchangeably, although most work in accounting would be understood by Werner and others as the specific type of cross-sectional ethnography (Werner & Schoepfle, 1987). This seems to be in keeping with the usage of other authors (e.g. Van Maanen, 1988). Both 'ethnography' and 'fieldwork' may be broadly referred to as qualitative research, although this term is itself imprecise since quantitative research involves a significant qualitative element in the selection of theories, methods, data, research questions and other issues critical to its operationalisation.

<sup>3</sup> Of course, the influence of social context extends to academics as they select research activities, as members of staff who are often responsible to others, subject to routine evaluations and other controls. This may explain the relative dearth of ethnography in the new accounting research; as Morgan and Willmott comment,

empirically based studies are rather the exception than the rule. Considering the demands they make, their scarcity is not difficult to understand. Getting to grips with very challenging forms of social theory *and* conducting empirical research *and* mobilizing the theory to direct and interpret the empirics is, to say the least, an extremely taxing process—and one that is not readily reconciled with increasing pressures to publish or perish (Morgan & Willmott, 1993, p. 6, emphasis in original).

The kinds of broadly theoretically informed ethnographies that Jönsson and Macintosh (1994) envisage may well not have been conducted because of the difficulties and pressures that Morgan and Willmott cite.

more traditional positioning of qualitative research with deference to, or validation in the terms of, quantitative research. After this general review of ethnographic methods, I consider the process of auditing, and the application of ethnography to reformed auditing.

## B. CONSIDERING FIELDWORK

### 1. Placing Ethnography

Qualitative research places the researcher in a fundamentally different position with regard to the object of research (the research 'data') than does quantitative research, which is more abstract and de-personalised. Of course, a strength and attraction of quantification, particularly for nascent disciplines such as accounting, is its apparent scientific rigour, thereby enabling an appeal to prevalent views of the legitimacy of such techniques. Since the late 1960s, accounting has been dominated by such methods, a situation made possible by the confluence of econometrics, computers and readily available databases. This confluence brought a very real revolution in accounting research (Beaver, 1981); one whose effects persist today. The prevalence of quantitative techniques presents certain problems to the qualitative researcher: many potential readers may, in an age of increasing academic specialisation, simply decline to read anything that does not use their chosen methods. Methodological justification for authors working within quantitative traditions may never have to go beyond a general gesturing towards influential literature pertaining to their work—an argument such as the one mounted here would seem quite extraneous given fellow researchers' familiarity with the methods used.<sup>4</sup>

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<sup>4</sup> Of course, there are cultural and institutional variances in the prevalence of qualitative research, and a related variance in the need for justifications. In developing this material a leading European academic, heavily involved in qualitative research, advised me in personal correspondence that he/she had found little useful in the literature on research methods—and had therefore never really pursued such work. The qualitative work that has appeared in such accounting journals as *Accounting, Organizations and Society* has rarely been

The same cannot be said of qualitative work, as the presence of this chapter indicates. Yet this work has its own strengths and capacities—often in areas for which quantitative inquiry would be quite unsuited. Qualitative work can provide a sense of the *meaning* that actors themselves invest in their own activities, it can map previously unknown behaviours, and provide an exploration that is significantly more culturally and organisationally sensitive than quantitative research. A researcher may discover aspects of organisational life that he or she could not have anticipated at the outset of research. This is especially important for my own interest in the relations between such meanings and beliefs, that is, knowledge, and the specific practices that they support. Ethnographers also depart from a more conventional centrality of the researcher's own understandings. In ethnography, actors' ideas are treated seriously.

*Cross-sectional ethnography* takes a key group or activity as the focus. For example, Reichard's study of Navajo culture centred on the perspective of ceremonial chanters, who were themselves just one element in Navajo society (Reichard, 1939). Such focused studies were in contrast to a former attention to societies as a whole, in holistic ethnographic study (e.g. Caudill, 1958; Radcliffe-Brown, 1922; Spradley & Mann, 1975). In recent times cross-sectional or local understandings have become the focus of much ethnographic inquiry. Yet some ethnographers increasingly argued that those of one gender, class or race could not appreciate the lived experiences of those in other situations (Denzin & Lincoln, 1994; Geertz, 1988; Marcus & Fisher, 1986; Turner & Bruner, 1986). The representativeness of certain styles of ethnography was increasingly questioned as ideas that qualitative researchers could directly capture others' lived experiences came under attack. Instead, these experiences came to be seen as themselves created in the social texts written by the researcher. It was argued that rather than providing an account of other experiences, researchers substituted their own (materially different)

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accompanied by the detailed methodological preambles which appear, for example, in North American management journals such as *The Academy of Management Journal* and others.

appreciations of actors' lives (Denzin & Lincoln, 1994). This representational crisis problematised the link between experience and text.

In the face of post-structuralist analysis (Sarup, 1989) the legitimacy of qualitative research and the efficacy of such concepts as 'validity', 'reliability', etc. came to be questioned. One response to these concerns has been made by a number of authors who present an interpretivist re-theorisation of these issues in place of previous positivist overtones (Hammersley, 1992; Hammersley & Atkinson, 1983; Kohler Riessman, 1993; Lather, 1993; Mishler, 1990). I draw on the interpretivist perspective in later argument.

Fieldwork has increasingly been read in narrative terms; Van Maanen (1988) later coined the term 'tales of the field' and reflected on variations in ethnographic research:

Ethnographies are portraits of diversity in an increasingly homogenous world. They display the intricate ways individuals and groups understand, accommodate and resist a presumably shared order. These portraits may emerge from global contrasts among nations, societies, native histories, subsistence patterns, religions, language groups and the like. Or they may develop from the more intimate contrasts of gender, age, community, occupation or organisation within a society. (Van Maanen, 1988, pp. xiii–xiv)

It seems that these latter, more local understandings have taken the place of more ambitious, holistic work. Indeed, as a consequence of the crises of representation and legitimation that ethnography has faced, more expansive approaches have been displaced. In their stead are ethnographies concerned with specific problems, that take seriously local concerns and specificities (Denzin & Lincoln, 1994; Lather, 1993). I believe that my own localised study of efficiency auditing fits with Van Maanen's characterisation of this more recent approach. My aim is to go beyond the kind of written guides that can be found in manuals, standards and the like, and to analyse and describe the ideas and practices which guide auditors in the field as they attempt to fulfill their mandate to report on the efficiency of government. In essence, I attempt to understand these practices as they are locally understood and operationalised.

## 2. Technologies and Cross Sectional Ethnography

Cross-sectional work has a number of distinct advantages to the accounting researcher. It allows for finer and more detailed questions to be asked amid a complex social and institutional environment. A cross-sectional approach which takes the *knowledge and practices* used in efficiency auditing as its centre has a directness which more general inquiries would lack. Knowledge has been at the centre of encyclopedic ethnographies which attempt to map entire language communities (Werner & Schoepfle, 1987, pp. 50-1), but it can also offer a more refined unit of analysis (Werner & Schoepfle, 1987, pp. 56-7). I intend to use a unit of analysis which goes further and combines the knowledge and practices (the deployment) which constitute a particular form of auditing. The deployment encompasses both the discursive and non-discursive field.<sup>5</sup> Explication of the mutual relations between practices and knowledge is at the core of this approach (Bernauer, 1990).<sup>6</sup> This perspective suggests a need to attend both to auditing practices (such as developing working papers, holding certain types of meetings, engaging the 'client' in a certain manner), and to the accepted practitioner knowledge that under girds these practices (and visa

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<sup>5</sup> That is, both the discursive articulation of ideas and knowledge, and the non-discursive articulation of these ideas and knowledge in the world. The non-discursive includes practices, such as certain modes of audit testing, but it could go beyond that to physical articulations, such as computer systems, building designs and other material expressions. An immediate example of the non-discursive would be Foucault's analysis of the panopticon design, used in prisons and other institutions. In the prison setting the panopticon design provided the potential for guards to constantly monitor prisoners. Because of the buildings' design, the prisoners themselves could not ascertain whether they were in fact being watched. The new ideas of discipline through surveillance were manifested in discourse, in the debates of the day. But they were also manifested in the non-discursive, through their incorporation in the fabric of the prison itself (Foucault, 1977a). I discuss these issues in considering the deployment in chapter 2.

<sup>6</sup> As Foucault (1984b) argued, such a study can develop from an analysis of practices, provided they are imbued with the kinds of systems of thought which lay at the heart of his inquiry. Hence the combination of auditing practices and knowledges here.



versa). At once practices are informed by practitioner knowledge, and practitioner knowledge is itself changing, as new practices are met (and influenced by) changing practitioner rationales.

Ethnography has sometimes suffered from a tendency to encyclopedic detail at the expense of theoretical analysis. Sometimes ethnographers have presented a kind of naturalism in which individual researchers' observations are held out as unbiased accounts of social life as it *really* is (Hammersley & Atkinson, 1983). I offer a more reflexive view, and will return to these points below, in considering common-place approaches to qualitative research. After this I address the mechanics of conducting a cross-sectional ethnography of efficiency auditing. I address this material because I found myself confronted with issues of the value of fieldwork as I began my field studies. Although it is tempting for any researcher to believe that his/her chosen research method is optimal, I feel uncomfortable with such an expansive view; I am still open to persuasion. When I conducted this research, I went to the field because of a reticence about other approaches, because of the relatively undocumented nature of the audit activity that I studied, and because of an underlying belief in the value of the lived experience and observation that fieldwork involves. Fieldwork is difficult to undertake, and difficult to communicate, in a North American academic accountancy environment which has largely drawn from disciplines (economics, statistics, psychology) which obscure their normative bases, and act in seeming unawareness of their narrative structures.<sup>7</sup> In this context a concern with activity in the field, and with the practices and discourses that allow practitioners to conduct their work might seem to attend to minor sociological patterns, rather than the *real* underpinnings of human interaction (ruthless self interest, bell curves, individual mental states). Perhaps because of this bias (deliberately stylised here!), ethnographers have wrapped themselves in others' clothes, and have appealed to particular conceptions of 'science'.<sup>8</sup>

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<sup>7</sup> See McCloskey's (1990; 1994) analysis of the roles of narrative in allowing economic argument to take place.

<sup>8</sup> I use the term science advisedly; as McCloskey (1990, p. 7) notes, it is only in English, (and only in the English of the past century), that natural science has become "the dominant

### C. PRESENTING FIELDWORK

One of the most striking features of many attempts at fieldwork, or indeed of examinations of such study, is justification of qualitative research in the terms of quantitative research. Fieldwork has often been justified in a manner designed to appeal to, or fit within the confines of, positivism.<sup>9</sup> Leading qualitative researchers have written of their desire to discover "the underlying causes of variation" (Glaser & Strauss, 1967, p. 68), while others have attempted to re-categorise case studies as being entirely different from ethnography—or even qualitative methods in general (Yin, 1989, p. 11).

My point is not that concerns with the reliability of research are specious, nor that qualitative research should be conducted without the kind of care and attention to which others would allude. Instead, I point to the influence of the language of positivist studies, and the tendency to gloss over significant differences which inhere in the nature and act of fieldwork. I will now argue that these differences are the source of many of the strengths and weaknesses of such research. No amount of systematisation, consideration or care will fully

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sense in ordinary use" (Oxford, 1982). Many other languages simply use science to refer to systematic inquiry.

<sup>9</sup> As Hammersley and Atkinson (1983) note, the term positivism has reached the status of a term of abuse. I do not mean it in that way here, but instead seek to map out both certain interpretations of fieldwork, and the commonalities with, and distinctiveness between, such work and the more widespread positivist domain, which sees sense data as less reliable than quantified material.

Those familiar with the accounting literature will no doubt be aware of the contention surrounding Watts and Zimmerman's labeling of areas of accounting research as 'positive accounting theory' (Watts & Zimmerman, 1986), a stream of work which they strongly identify with the increasingly quantitative research which developed in the 1960s and has continued to date (Beaver, 1981; see commentary provided by Tinker et al., 1982). I do not propose to re-hash these arguments here. Instead, I want to locate my current work in a broader context, and indicate why qualitative research methods are appealing in this case, and how I intend to apply them.

detach the researcher from his or her own social location. Quantitative researchers in the social sciences may neglect or (unsuccessfully) attempt to contain the influences of their own fundamental location in society, but *qualitative* research gains much of its value from its being socially embedded.

### 1. A Reflexive View of Social Research

The majority of research involves attempts to minimise, control for or ultimately exclude the influence of the researcher on the object of inquiry. This is as true of exercises in econometrics as it is for case studies. Ethnography differs from such approaches since it can be conducted in a *reflexive* manner, that is, with explicit recognition that the social researcher, and the acts being studied, are all a part of the social world. Adopting a view of their common location is an important step in the development of reflexivity. It does not preclude our thinking of the researcher and the researched as being separate, but should indicate a need for more conservative estimation of the distance that can truly be placed between the two. Mead's (1934) insight that we can conceive of ourselves and our practices as objects in the world, and that we are capable of reflection on them, provides a basis for reflexive inquiry to take place. Such reflexivity brings a different lens to bear in the examination of participants and their actions in the social world, and it applies that same lens to social scientific argument, 'common sense' views of the world, and other expressions. None of these arenas have sole or evidential truth; all must be critically examined.

As Hammersley & Atkinson (1983) argue, social science, general inquiry, indeed all social interaction, is grounded in participant observation. In essence, everything is potentially up for grabs

for the reflexive model of inquiry, all knowledge, even that about the nature of knowledge itself, is a construction on the basis of available evidence and is thus by its very nature fallible. This holds even though in practice we may treat such knowledge as valid until further notice, using it as a resource in our inquiries about other things. Needless to say, this applies to the reflexive model itself. (Hammersley & Atkinson, 1983, p. 235)

For any argument to function we need some starting points, some marks of reference. A reflexive view allows us these, but cautions against the valorisation of such grounding terms. Our accounts must always be subject to revision. There is nothing in reflexivity that, in and of itself, precludes either quantitative or qualitative analysis, although as Hammersley & Atkinson (1983) note, reflexivity does suggest a more measured approach which would view both quantitative and qualitative understandings as presenting practical lines of inquiry.

It is rare to find researchers with a sustained interest in both qualitative and quantitative work. Of course, much of this separation of approaches derives from the increasingly detailed and specialised knowledge needed to develop either approach. But researchers often believe one approach to be better than another. My own perspective is more that certain approaches are better suited to certain questions, and that the methods used should bear close relation to the researchers' line of inquiry. But this does not get away from the more prevalent view of the methodological superiority of one approach over another, not just for certain questions or areas, but, seemingly, for all empirical avenues. In ethnography such appeals have often been grounded in the realism mentioned earlier. For realists the appeal of the field is that one may get closer to social reality than is possible with the abstractions and proxies of quantification. Their hope is to map out social phenomena, and to better address the construction of social structures, belief systems and other features of the area of inquiry.

The problem with this realist perspective emerges in significant relief with an initial application of reflexivity. If ethnographers are themselves immersed in society, and are in this sense a part of the object of their inquiries, shouldn't their own activities be scrutinised? And if they are subject to similar scrutiny, does this leave us with the ethnographer's account being just as true (or untrue) as any others? Competing and opposite answers emerge. For relativists, researchers, as actors in the social world, produce equally valid interpretations of the world, and we have little means to choose among them. In contrast, realists suggest that researchers, especially ethnographers with their direct access to the field, have special appreciation of the real workings of the social world. I hope

to show that considering these two prevalent approaches can lead to a more tenable grounding for reflexivity.

*a. Mediating Relativism and Realism*

The choice between relativism and realism seems unsatisfying. Both present significant theoretical problems for research. I will flesh out some of these difficulties, and develop a view of a middle course, what Hammersley (1992, pp. 43-56) calls 'subtle realism'.<sup>10</sup>

I have frequently referred to realism as a problem that has inhered in much ethnographic research. It lies at the core of questions of representation and legitimation which have troubled this area (Denzin & Lincoln, 1994). Realist argument tends to suggest that ethnography's strength lies in the study of events which, though they could be addressed by other research methods, can only be captured in their true nature by ethnographic means. In this sense, the ethnographic account offers a kind of unmediated access to the social world. Realism invites us to pass judgment on people's beliefs, and to judge whether they are true or false. Aside from concerns that social settings are mediated, and that we inevitably view and comprehend a sample of the social world (and hence remain subject to bias and error), realism often does not attempt understanding of others' perspectives as sensitively as other ethnographies. Yet the ability to understand others' perspectives, and to map them in their own terms, has been one of the central attractions of ethnography (Hammersley, 1992; Hammersley & Atkinson, 1983; Spradley, 1970). Certainly, if one is to establish the constitution of a deployment, with its reliance on diverse knowledge (both formally and informally stated) then this interest in understanding becomes central. In my own work I reject realism as it has been conventionally applied.

Relativism has been a widespread reaction to such theoretical problems. Rather than attempt to judge the veracity of participants' beliefs, relativism

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<sup>10</sup> I offer a limited view of these issues here. There are, of course, more comprehensive accounts (e.g., Bernstein, 1983; Keat & Urry, 1975).



invites the development of a variety of different approaches, since in the absence of criteria for choice, all views seem equally valid. In tracing the influence of relativism Hammersley (1992) points to the Winchian view that different cultures could only be understood in the context of the cultural rules that applied to the particular society being investigated. For Winch a different culture could equally be found in an aboriginal tribe, religion, or social science (and perhaps even academic accountancy) (Winch, 1958; Winch, 1964). The 1970s were also marked by changing views of the philosophy of science, as evidenced by Kuhn's influential view of paradigm shift (Kuhn, 1959; Kuhn, 1970) and Feyerabend's (1975) apparent suggestion that arid methodological debates and constraints could give way to seemingly unfettered inquiry ('anything goes'). These movements were often associated with relativism in ethnography (Hammersley, 1992, pp. 45-49).

Relativism is beset by problems, not least its reflexive destruction of its own tenets. If all knowledge is culturally relative, then this relativity applies to itself, and is only verifiable within certain cultural locations. Without the ability to distinguish between truth and falsehood, we cannot convincingly demonstrate that relativism is itself true. The boundaries that we might draw between one culture and another would prevent discussion of one cultural perspective from the perspectives of another, which would present serious obstacles to much analysis, and to human communication in general. The result may be a circularity which undermines relativism itself (Chalmers, 1982).<sup>11</sup>

Hammersley's argument regarding a *subtle realism* provides a course around the pitfalls of crude realism and relativism in ethnography. It also offers significant links with the exploration of technologies by means of the knowledges which surround and constitute technological practices. A rejection of crude realism is in line with attempts to elaborate the operation of technologies, and the links between these local practices and the knowledges which inform them. But Foucauldians, along with other post-structuralist

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<sup>11</sup> Rorty (1979; 1982) and other liberal philosophers suggest that faith provides the basis for knowledge. Rorty's work has been introduced to the accounting literature as part of an increasing concern to analyse accounting as text (Boland, 1989).

writers, have sometimes been categorised as relativists (Bernauer, 1990; Neimark, 1990; Sarup, 1989). This is, perhaps, because of their reluctance to accept the taken for granted, and because of their probing links between what at first might seem to be disparate practices and knowledges (Miller, 1994).

Foucauldians rarely accept conventional demarcations of what features of social life occupy separate or related domains; for example, the present study's focus on government audit draws links between 'politics' (the realm of the programmatic) and what might conventionally be seen as the apolitical domain of technologies. But this seeming abrogation of conventional institutional boundaries is not a slide into relativism, as Foucault makes clear in his concern to establish the more general discursive rules and logics which guide particular thoughts, ideas and statements. There is a clear role for the researcher here in attempting to establish the nature of these rules. Foucault maintained that individuals working within such discursive formations need not be aware of the formation's nature or form

I understand the unease of all such people. They have probably found it difficult enough to recognise that their history, their economics, their social practices, the language that they speak, the mythology of their ancestors, even the stories that they were told in childhood, *are governed by rules that are not all given to their consciousness*; they can hardly agree to being dispossessed in addition of that discourse in which they wish to be able to say immediately and directly what they think, believe or imagine; they prefer to deny that discourse is a complex, differentiated practice, governed by analysable rules and transformations, rather than be deprived of that tender, consoling certainty of being able to change, if not the world, if not life, at least their 'meaning', simply with a fresh word that can come only from themselves, and remain for ever closer to the source. (Foucault, 1972, pp. 210-211, emphasis added)

The conception of rules which guide individuals' statements, which they themselves may be unaware of, but which, for the researcher, remain analysable as rules, is at odds with a relativist view of the social world in which actors must be taken on their own cultural terms and theirs alone. Foucault is suggesting an

attention to actors' statements, but is marrying this with the researcher's own analysis of the underlying rules governing these statements—the rules which allow these statements to fit with others' views through their location within a wider discursive formation. The researcher is adding something here in a concern for generality which, though it is not relativism, is not the kind of crude realism which Hammersley argues that ethnographers should avoid.

*b. A Subtle Realism*

Rather than playing out the familiar analysis of dichotomous approaches to social science, it may be possible to work in a dialectical manner, believing both in the existence of social phenomena, and in the possibility for their existence to be independent of our own claims and knowledge of them (Bhaskar, 1979; Foucault, 1972; Hammersley, 1992).<sup>12</sup> The suggestion of a subtle realism as a workable alternative to the problems of conventionally applied realism and relativism is itself in line with the theories that are brought to bear on this study. The question is, how can it be guided so as to avoid the problems that are apparent in a naively realist approach? Hammersley (1992, pp. 43–56) offers one such guide, which he calls a 'subtle realism.'

Subtle realism first involves a recognition of the contingency of knowledge, and of our lingering uncertainty as to its absolute truth. We can never be completely certain of the veracity of our knowledge, but we can deal in relative probabilities of the veracity of different claims. Our judgments as to these probabilities will inevitably be made in the light of the theories and ideas which we hold to be true: as earlier noted, these commitments help us identify what we hold to be facts. Our reliance on these pre-conditions means that there is always a chance for error; but if we hold to these ideas, we must then engage in further analysis of the veracity of claims, statements or theoretical constructs.

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<sup>12</sup> The earlier discussion of discursive formations and the analysis of structures of which participants may themselves not be consciously aware is a prime example of this (Foucault, 1972).

Inevitably this involves a series of local judgments regarding the credibility of individual claims, and the evidence that is available both for and against them.

Realism may involve a series of judgments as to what is true, and a recognition of the role that these judgments play in our apprehension of the world, but it is founded on a view that there *are* phenomena which remain independent of any claims regarding them. In this sense, knowledge is true if it matches the phenomena which it is supposed to represent. But, as Hammersley argues (1992, pp. 50-52), the question of the *independence* of phenomena needs some further consideration. Do social theories influence the phenomena which they concern? Do actors behave in ways which are consistent with a researcher's theories? Social theories may not determine action, especially when their nature is unknown by the actors concerned. In the present case it is most unlikely that certain academic work regarding the operation of governments and the importance of local technologies will have been assimilated by those practitioners working in the area of inquiry. Rather, the more pressing concern may be the danger of the researcher's own theoretically informed inquiry forcing field observations to fit the theory.

This leads to the question of the researcher in the field, and of the aims of such social research. Foucault's *Archaeology of Knowledge* (1972) provides an account in which his own theoretical framework structures participants' written accounts—even though Foucault's terms did not appear in these accounts. The result is that Foucault offers a theoretical representation of these ideas, rather than an attempt at reproducing them solely within their authors' own terms. Social researchers have long valued the role of theory in providing analytical tractability, and in generating otherwise lost insights. In this sense their theoretically guided accounts involve significant representation of the social, rather than an attempt at pure reproduction. This is a significant moderation of what has been termed crude realism, which would place significant emphasis on unmediated reproduction of the social world.

#### D. ETHNOGRAPHY AND EFFICIENCY AUDIT

##### 1. Practicing Subtle Realism

Having addressed some of the theoretical issues which might present more generally applicable research difficulties, I now turn to the specifics of audit and the practical issues of how auditing activity might be captured in the field. As was argued earlier, the primary focus of this project is to better understand discourses and practices regarding professional technologies themselves. Of course, technologies are meshed with the social—they are not inanimate black boxes, rather, they are given life in social acts. These acts may have much in common with those of other domains, in that they are potentially influenced by a range of factors. Indeed, it seems that auditing for efficiency is a process that may encompass resistance and uncertainty, with the potential for internal disagreements amongst auditors, and for audit procedures and opinions to themselves be disputed. There are links to be addressed between audit outcomes, each actor's fragile calculations of 'interest' and a variety of contingent processes (Hindess, 1988). In this sense the task remains one of combining analysis of systematic patterns of effects and intentions with the daily calculations, confusions, actions and inactions which are a part of organisational life (Radcliffe et al., 1994).

I have yet to address how ethnography can be matched to the specific concerns of efficiency auditing. Auditing is in some ways a systematised process. Audits produce a variety of documents, including detailed working papers and the like. Working papers have their restrictions, most notably in that they provide the *ex post* reasoning and evidence which led to an eventual course of action.<sup>13</sup> They may fail to capture the tangencies, uncertainties, the paths tried, changed, or even abandoned in the course of forming the final audit opinion. The auditing manual of the Office of the Auditor General of Alberta (1991) makes it clear that working papers are but one source of information regarding an audit. Auditors meet both amongst themselves and with the management of the department which they are auditing. These meetings include initial attempts to develop audit issues and criteria, and further meetings to develop lines of inquiry. Meetings with management of client departments may result in

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<sup>13</sup> See chapter 4 for further discussion of the limitations of working papers.



further meetings as information is pursued and verified by reference both to other managers, and to available documentation.<sup>14</sup> As this process develops, auditors themselves continue to meet, talk about and collectively influence the direction of their inquiries. The result is that when this ongoing social context is properly understood, there is a wealth of potential material to examine besides working papers and other documentary evidence. These sources can be combined to offer a more comprehensive view than could be achieved by reference to any one alone. Fieldwork may be susceptible to certain pitfalls. Some may be considered and avoided, others may be minimised, some may simply have to be recognised and accommodated. No research method is without its difficulties, and while these are not insurmountable, they should be considered in the development of research designs.

## 2. 'Information Overload' and Analysis

I have already pointed to the variety of sources of research data which may be drawn from in studying efficiency audit. Attendance, note-taking and transcription of *all* possible meetings would generate an enormous volume of material. Similarly, working papers may be studied in considerable depth. One of the most common problems in ethnography has been a tendency to produce large amounts of research data, and then to engage in too little analysis of this material (Hammersley & Atkinson, 1983; Oswald et al., 1987; Spradley, 1979). In part this may be understood as a desire to emulate the scale of quantitative studies with their large sample sizes. Ethnographic data is costly to collect, often involving extended periods in the field, whereas in accounting and many other areas of the social sciences there are centrally compiled databases of statistics, which may be sampled from a researcher's office. It is perhaps easy to understand why ethnographers have sometimes been swamped by the data given the volumes that may develop from such experiences. This tendency has been combined with the naturalism and realism which imbues much

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<sup>14</sup> See earlier discussion of auditing technologies as evidenced in standards and manuals.

ethnography, with the result that the data is often presented in a descriptive manner in the hope that it will 'speak for itself'.

I avoided such problems by pursuing meetings and analysis in a more strategic manner, learning from initial fieldwork, and attending meetings which concerned areas specific to my study of the three audits outlined below. This cross-sectional approach avoids much of the overload.

Analysis is a more difficult matter, but is still one which may be considered and built into research activity. Yin suggests the use of a 'case study protocol', essentially a list which reminds the researcher of research questions and which seeks to systematise aspects of day-to-day research. This is part of his flight from the case study as qualitative research (Yin, 1989). Such schedules may be useful, since they allow for the development of space for regular analysis of material as an audit proceeds. Many ethnographers have made use of '*analytical notes*', essentially memoranda to themselves regarding the progress of their research, and their consideration of fieldwork as it unfolds (Glaser & Strauss, 1967; Hammersley & Atkinson, 1983; Oswald et al., 1987). I wrote and reviewed such notes in the course of fieldwork. Other analysis involved reading and reflecting on research notes and transcripts developed in meetings and interviews. These reviews helped in guiding me to different sources of data, in focusing and guiding my inquiries, and in developing a view of the auditing process.<sup>15</sup>

Analytical notes depart from scientised views of research in which theories are offered, data is gathered, theories are re-interpreted and conclusions are made. My own view is that these are rather more parallel processes than most formally written research papers would suggest, as most researchers recognise.

### 3. Access, Negotiation and Legitimacy

One of the most frequent problems encountered by the ethnographer is in establishing research access to engage in fieldwork (Oswald et al., 1987). Fortunately in this case research access has been generously provided, partly due

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<sup>15</sup> I will return to the issue of field notes, analytical notes, etc., below.

to initial, chance exposure of previous, related research work to members of the Office of the Auditor General of Alberta (hereafter also referred to as 'the Office'). As discussed earlier, I had presented a paper at the 1992 Annual Conference of the Canadian Academic Accounting Association. One of the copies distributed there was taken by a member of the Canadian Institute of Chartered Accountant's Toronto office, and was passed to another office member, who happened to be on secondment from the Auditor General of Alberta. The paper was subsequently sent to senior members of the Office, both current and retired.

After subsequent meetings between myself and members of the Office, a lunch with a senior auditor which was arranged by my supervisor, and a later formal request for research access, the Office's management committee provided significant co-operation, even to the extent of providing an office, telephone and other equipment on their premises, and access to internal and external audit meetings. Assurances on confidentiality were made in the course of securing research access. Most of the Office's concerns surrounded the secrecy of information relating to the operation of client departments, and sensitive financial details of government operation. Since the study is focused on the operation of efficiency audit such detailed information as, for example, the size of doctors' salaries, or the billings of certain hospitals, was not a research priority.

In presenting my work to the Office I described my work honestly and frankly, although without much of the theoretical trappings that accompany the more formal expression of academic work. I told the Office's representatives that I was interested in how efficiency auditing worked in the field, and that academic accountants know very little about this practice. I indicated that though I had studied all the material on efficiency auditing that could be found in University libraries, there would still be much that I might not understand, appreciate, or anticipate. I had a background of significant accounting training in the course of my academic career, and this seemed to provide credibility. I knew about more general accounting and auditing issues and this knowledge allowed auditors to explain their work to me in more general accounting and auditing terminology. I stressed my comparative lack of knowledge of their

work, and in interviews, and sometimes at audit planning meetings, they would explain the operation of efficiency auditing (or as it is referred to in the Office, 'systems auditing'). I fitted the common profile of the ethnographic researcher as a layman (Van Maanen, 1983; Werner & Schoepfle, 1987), albeit one who shared (and was expected to share) significant aspects of specialised, professional knowledge.

In describing me to Departmental officials, the auditors would refer to me as being from the University, and my interest being a study of the Office's work, rather than that of the Department. That seemed to satisfy all those at the meetings which I was present. Though I attended almost all audit planning meetings and fieldwork, in the case of one audit the auditors felt that my presence at highly confidential discussions might inhibit departmental staff. Similarly, I was unable to attend final exit conferences because of the perceived influence of my presence.<sup>16</sup> I addressed this problem by interviewing participants from the Audit Office as soon as possible after such meetings. I attended the vast majority of audit meetings, and for those few that were missed, I gathered accounts as soon as was possible after the event.

The legitimacy of the researcher is a significant concern in the development of field research. Fieldwork is centrally a social process, subject to many of the normative judgments encountered in other areas of life. If the researcher is seen as unable to understand the events around him or her, then actors may discount the research, minimise their involvement and otherwise act to restrict effective insight. Sommer and Sommer (1991) suggest that these and other problems relating to the social setting may be minimised through ensuring that the researcher is qualified for the role being occupied, that the observer does not drain resources intended for others, and that the observer informs colleagues, co-workers and others of his/her research role as far as is possible. Besides these concerns it is also possible that illicit, unethical or other questionable acts or

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<sup>16</sup> At the time, auditors commented that they had become use to my presence in their own internal meetings, and in fieldwork. Final exit conferences would involve senior civil service officials, whom I had not met. It was felt that the flow of these meetings might be interrupted by their unfamiliarity with a researcher's presence.

behaviours may be witnessed in the field, leading to decisions regarding disclosure which may present significant stress. In the extreme the researcher may at once be obliged by statute to reveal illegal acts, but may be obligated by university regulations to fully protect the welfare and dignity of participants (University of Alberta, 1992). In the present case such an eventuality would seem remote, but as Sommer and Sommer (1991) suggest, ethical dilemmas inhere in much ethnographic work. In practice I did not encounter behaviour that I considered unethical.

#### 4. Invention, Discovery and Interpretation<sup>17</sup>

At this point I turn to a fuller view of research as I conducted it in the field. Kirk and Miller (1986) have identified four related phases of fieldwork: invention, discovery, interpretation and explanation. *Invention* concerns the development of research designs and other preparation for study. *Discovery* centres on data collection in the field. *Interpretation* is both ongoing as the researcher develops analytical notes, discusses the work with colleagues, etc., and may also be a discrete phase after data collection. *Explanation* is the formal presentation of research as a paper, thesis or other document designed for an outside audience. There may be some overlap and interrelation between these activities, but they are all an important part of the generation of ethnographic research.

##### a. *Invention*

I conducted a cross-sectional ethnographic study of three efficiency audits. I had originally planned on studying two audits, with one intended to be a fairly straightforward audit, that is, one which falls well within the boundaries of

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<sup>17</sup> At this point I omit explanation, the last of Kirk and Miller's stages of ethnographic research (Kirk & Miller, 1986). Concerns of the need for care in the presentation of ethnographic research are quite real (Van Maanen, 1988), but I address these issues later in presenting my analysis of field-work.



systems auditing as understood by practitioners. This first audit had been intended to be representative of normal, routine audit work. The choice of the audit may itself be instructive in understanding the type of work which is undertaken. For this reason it was chosen by a process of negotiation. After explaining the objective of identifying an audit which fits within the boundaries of systems audit, uses routine knowledge and well understood procedures, the actual choice of audit was made through negotiation between practitioners and myself. Significant emphasis was placed on practitioners' understandings as to which audits were 'routine' as they understood it. The intention in studying such an audit was to learn about the conduct of systems auditing, and about the technologies and practices that are regarded as routine in producing an efficiency audit report. The second audit was intended to be one which practitioners regarded as more difficult and complex. My aim was to use this as a counterpoint to the first audit, and so test the boundaries of systems audit as understood by practitioners.

In pursuing these initial plans it became clear that my original model of two audits, one routine, the other less so, was overtaken by events, and by the complex nature of the apparently 'simple'. The first audit concerned a project to enhance the management information that was available to the Department of Health.<sup>18</sup> A large scale initiative, it had become known as the 'MIS Project'. It involved electronic data gathering of accounting and statistical information, with this information collected by all the hospitals in the province, and centralised at the Department of Health's Offices.

Though chosen as a 'routine' or 'simple' audit,<sup>19</sup> it became clear that the audit was considerably more logistically demanding than the other audits examined. The audit involved more than twenty field visits, interviews and planning meetings, over the course of some five months. The MIS system had

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<sup>18</sup> At this stage I describe certain aspects of these audits as they are germane to my discussion of how the research progressed. In chapter six, I provide considerably more detail regarding the nature and scope of these audits.

<sup>19</sup> Of course, such terms need to be treated with care; actors' development and use of such categories may provide insight into knowledge and practice.

been intended to influence funding so that more efficient hospitals would be rewarded. It had, however, been overtaken by governments' deficit reduction plans, to the extent that the MIS funding adjustments were overshadowed by across the board cuts to hospital funding. The situation grew more complex as the audit continued, and as auditors added more references to the environment, including ongoing developments in the policy arena. What was ostensibly simple was in fact embedded in a complex web of social relations. As others have argued, it is one thing to assert that accounting is embedded in the social, it is quite another to demonstrate this, and to understand the specificities of the relation (Burchell et al., 1985; Burchell et al., 1980; Radcliffe et al., 1994). One of the strengths of this study will be its detailed depiction of this embeddedness in auditing. What practitioners may consider 'routine' in terms of their day to day work may appear quite differently to others.

The other audits concerned subsidies of health care premiums which would otherwise have been charged to people to finance the provincial health plan (hereafter, the 'subsidies audit') and an analysis of certain matters arising from an agreement between the province and physicians regarding physician payment (hereafter, the 'physicians' audit').<sup>20</sup> Both involved office based analysis and review, with information being gathered through telephone conversations, and with documents gathered by courier and fax. A couple of field visits did occur, but, in contrast to the MIS audit, the fieldwork in the other audits was minimal.

This meant that the logistics of research were quite different for these audits. Rather than two audits which would take up broadly the same amount of research time, I found that the MIS audit took more research activity than the other two audits. My choice of the 'difficult' audit had been between the subsidies and physicians' audits, and after an initial period of following both, it

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<sup>20</sup> These terms ('MIS audit', 'subsidies audit' and 'physicians' audit') are the abbreviations used within the Office when talking of these projects. I use them here as a useful shorthand in describing my work, though I would emphasise that the names assigned to each audit should themselves be reflexively examined. Such abbreviations can provide important signs of how these audits were understood. Interestingly, the names of these audits remained fixed, even as the subject of the audits varied, sometimes greatly.

became clear that it would be both practical and insightful to follow both. The subsidies and physicians' audits concerned material which bore little relation to the more traditional confines of attest audit work. They often dealt with politically sensitive issues, but then so too did the MIS audit, although there were clearer tangencies between such issues as management control systems and internal control in this latter more 'routine' case. As the physicians' and subsidies audits continued, it became apparent that there were potential problems with both, indeed at one point the auditors seriously considered halting their work on the physicians' agreement. The physician's audit was seen in a rather hermeneutical way as an audit which definitely presented 'an audit issue,' but which auditors found themselves struggling to articulate. Eventually they were able to frame the problem as what was seen as a more basic, 'accounting' oriented problem. Conversely, the subsidies audit was first seen as a more basic accounting issue, centering on issues of financial management. Over time, as it became clear that the subsidies issue was being addressed, both by departmental practice and political initiatives, auditors re-oriented the issue to what were seen as higher level dimensions of more general applicability, calling for government attention to, and measurement of, the full cost of its programs.

As these auditing problems developed, and were addressed, I was able to more closely analyse the practices of efficiency audit, and the rationales that underlay them. I felt that these problems were, for my research purposes, rather fortuitous; they provided another point for triangulation. Rather than analyse two audits with agreed potential for reporting recommendations, I could consider what was involved in three audits whose outcomes were by no means certain. Of course, when in the field I could only gauge and estimate the amount of work which remained until completion.

Ultimately all of the audits were complex, in ways that I did not immediately anticipate. Though there would be some constancy in the audits, there was also significant variation and development, such that the original concerns of efficiency as manifested in one area of activity would gradually (and sometimes suddenly) become focused on a different, though broadly related area. Through successive changes the audits were cast and recast. In accompanying the

auditors in their meetings and fieldwork I was able to address these changes. I realised that there were a number of common themes in the progression of the audits, and that the auditors (some of whom were concerned with all three audits) utilised common frames of reference in addressing each problem. The audits were understood through reference to common discourse. The logistics of research suggested a review of several audits, but my theoretical interest in how efficiency auditing was operationalised suggested analysis which though built on these specifics, mapped out more general discursive articulation of the auditors' approach. Following Foucault, I was interested in the particular rationalities and practices that underpinned auditing practice, and allowed efficiency audits to be conducted. Because of this underlying concern I focus primarily on the deployment concerning efficiency audit, and a number of themes arising from it. To help the reader I provide elements of the 'story' of each of the audits prior to this fuller analysis in chapter six.

Since this study involved one researcher in the field there is a potential issue of reliability of the research materials. An observer may pay attention to certain activities and not to others, and may come to a particular conception of events that might not be as representative as one that is generated by multiple observers. Researchers have found that it is difficult to eliminate problems of reliability completely. But they can be significantly reduced by the use of triangulation (Blaikie, 1991; McClintock & Greene, 1985).<sup>21</sup> I turn to these and other methodological issues below.

### *b. The Mechanics of Discovery*

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<sup>21</sup> Recent re-orientation of qualitative research suggests that such terms as 'reliability', 'validity', etc., may have to be re-interpreted (Denzin & Lincoln, 1994; Lather, 1993). Others have criticised such ideas as triangulation on the grounds that they incorporate too much of a realist perspective (Jick, 1979). I have addressed these issues with an interpretivist outlook, making use of Hammersley's (1992) suggestion of subtle realism. But, having done this, there remain issues of how research may best be organised and conducted so as to provide persuasive narrative. I address issues of triangulation with this in mind.

In examining these audits I practiced a form of *triangulation*, the use of more than one method, observer or site to provide further insights than are possible from a single perspective (Sommer & Sommer, 1991, pp. 57–8). In this study triangulation occurs through the choice of three audits, and through the use of a variety of sources of information, including interviews, passive observation and documentary analysis. I collected copies of relevant working papers, including, for example, successive drafts of recommendations, which developed from day to day. In capturing audit planning meetings, information gathering meetings, etc., I engaged in passive observation, since my aim was to learn about systems auditing, and I did not have the prior detailed knowledge that would have allowed me to act as an informed participant observer (Sommer & Sommer, 1991). My intention was to attend the meetings relevant to the three audits, and to capture these audits from their initial inception to the final framing of audit recommendations.

To check my interpretations of the data obtained through documentary review and field observation, I attempted respondent validation (also referred to as participant verification) through a series of interviews, held over the course of the audit. Respondent validation may be useful in highlighting those matters which actors regard as being of greater or lesser significance, and can flesh out the understandings gained from passive observation, particularly in areas where the researcher effectively has to deduce understandings and ideas from behaviour. But there is a danger of the researcher substituting actors' views, gained in respondent validation, in the place of the researchers' own interpretation. There is a need to be wary of actors' retrospective interpretation of events. Nevertheless, in a study of technologies which remain relatively undocumented in the literature, practitioners' understandings can be a valuable resource, if treated with care. In the event I found these interviews were most useful in enabling me to bring out ideas and practices which often lay beneath the day to day activities of auditing, but which were not formally stated. The interviews provided a legitimate space for me to draw out some of these issues, and to test my own constructions of what was happening in the course of the audits.



I believe that this triangulation and use of multiple methods provided broader and more reliable information than any one approach alone; qualitative research by its nature involves a variety of methods (Brewer & Hunter, 1989; Hammersley & Atkinson, 1983).<sup>22</sup> The research had the significant advantage of being conducted in real time, since my observations were made throughout the course of the audit. This contemporaneous observation has the potential for more accurate and thorough analysis than would be possible through retrospective interviews or the analysis of working papers alone. I have earlier mentioned analytic notes; these and other notes are vital for the ethnographic researcher in that they represent the researcher's data. As with other research there is a need to carefully collect and analyse the data. In interviews, meetings and other social settings, Spradley (1979) suggests the use of two different kinds of field notes, *condensed accounts* and *expanded accounts*.

*i. Condensed Accounts*

Notes taken during interviews, meetings and other field observations are a condensed account of what actually occurred. Sometimes meetings flow so fast that the researcher can only make notes of key words or phrases, (although in my experience it is usually possible to note more). Tape recordings offer one way out of this, but often interviewees are reluctant to commit their words to tape, and feel guarded in the knowledge that their words are permanently and indisputably recorded. Because of such reluctance I have normally relied on condensed accounts, other than in formal one-on-one interviews between myself and a research participant, where taping was more acceptable. Spradley advises that it is best to make condensed accounts even in the case of taping. Such notes can act as a safeguard against equipment failure, and in interviews, can help direct questioning. Condensed accounts may be incomplete, but they

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<sup>22</sup> The multiple methods of qualitative research may be regarded as bricolage, a "pieced-together, close-knit set of practices that provide solutions to a problem in a concrete situation" (Denzin & Lincoln, 1994, p. 2). An understanding of the qualitative researcher as a *bricoleur* suggests that the researcher uses methods as tools, choosing whichever are appropriate to (and available for) the task in hand (Becker, 1989).

are of enormous value because of their contemporaneity; they avoid much retrospective interpretation of events (Spradley, 1979, p. 75). Their value is greatly enhanced with their development into expanded accounts.

*ii. Expanded Accounts*

Expanded accounts are an expansion of condensed notes. The usual advice is to develop expanded accounts through filling in details and other recollections that were not contemporaneously recorded. This should be done as soon as is possible after the condensed account was made, so as to maximise recall. In expanding the notes different speakers are identified and verbatim statements included. Expanded accounts include notes developed from condensed accounts, and transcriptions of tape-recorded interviews. While tape-recording may come at a cost of greater circumspection in interviewee comments, the tape has the great advantage of completeness, at least in terms of what was said.<sup>23</sup> In the present case I transcribed taped interviews, although some researchers listen to their tapes and only transcribe parts of them, perhaps compiling an index of the tapes' contents (Spradley, 1979).

*c. Interpretation*

Interpretation of ethnographic data should be an ongoing process. Though it is always difficult, interpretation can be built into research through the regular development of analytic notes and memoranda. I developed various memoranda to myself, and prepared for research interviews after reflection on events in the field, establishing questions and areas of interest to guide my thinking, and to search for elaboration. Computers hold out the prospect of aiding research through making data, such as transcripts, notes, etc., more accessible. In practice, I found that careful reading of material was more productive than conducting computer searches, since meaning was ultimately more than simple words or phrases, and involved a context and sense that

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<sup>23</sup> We should remember that someone's tone, facial movements and other expressions are lost.

machine searches lost (although for tracing certain points, such as various references to single term, computer searching is invaluable). Ongoing use of analytic notes, memoranda, and reflection on events at hand, was key to my making sense of auditing as it was practiced.

#### *d. Analytic Notes and Memoranda*

While reading documents, making field notes or engaging in other field-based activity, theoretical ideas may often arise. A variety of researchers suggest their compilation in analytic notes, field journals or similar documents (Hammersley & Atkinson, 1983; Oswald et al., 1987; Sommer & Sommer, 1991; Spradley, 1979). Spradley advises researchers to keep a research journal detailing the day-to-day progress of research, partly because of the importance of the situational and specific nature of ethnographic research. He notes that "Doing ethnography differs from many other kinds of research in that *the ethnographer* becomes a major research instrument" (Spradley, 1979, p. 76). Hammersley and Atkinson (1983) advise that analytic notes and memos be developed both as ideas arise, and at regular, planned intervals, so that analysis is built into the process of research. The danger of accumulating ethnographic data without ongoing analysis is that much of the analysis may prove to be aimless. Efficiencies can be achieved through ongoing review of the data so as to develop theoretical concerns and inform subsequent empirical enquiries. I found that my own analytical notes, even if they were just notes comprising headings, lines and arrows, helped me in mapping out and assessing my research material. I used these in developing my lines of inquiry, in writing up lists of questions for interviews, and in developing further analytic notes. The research process was an organic one, with new developments and findings influencing my analysis, especially in the later stages of research. At first I attended interviews and meetings, and tried to take in this information and make sense of what was, inevitably, a learning experience.

#### *e. Data Storage and Retrieval*

Ethnographic researchers have long struggled with storage and retrieval of their data. The sheer volume of text that may be produced presents one barrier to analysis, and this is compounded by the relevance of individual notes to different lines of inquiry. Often researchers would duplicate their notes and file a copy under each relevant analytical category. Such storage has the advantage of codifying data so that it is readily available under each analytic category, but such multiple storage in a paper based system can involve significant expansion in material. Card-based indexes offer a different approach, but are still time consuming.

Modern computer technology offers an alternate course. All of the expanded accounts and analytic notes developed in the course of this study have been saved in word processing files. This allows the use of Vitale Software Group's (1992-3) *Research Assistant* software. Originally developed for a biographer, the software is designed to electronically index notes on the basis of researcher selected key words. The software can also guide the researcher through the notes from one item to the next through 'hyper-text' links, as used in CD-ROM products. For example, all references to audit planning can be located, and the researcher can then be guided to the first specific text reference, then to the next, and so on. The net effect is to allow indexing and codification that is updated with the addition of fresh material.

Research categories may often change in the course of analysis: previous approaches would have required re-coding or re-filing. The software minimises such work through its ability to instantly locate in-text references. New categories can be explored through their association with certain key expressions (for example, a concern with recommendations might generate a search for references to 'recommendations', 'reports', 'management letters', 'exit conferences' and so on). Sophisticated search procedures allow for more thorough analysis and speedier re-orientation of research inquiries than would be possible through the use of alternate storage methods.

## E. SUMMARY

I have taken the approach that field research is one of a range of tools that are available to the researcher, and that while these tools may have certain general characteristics in rendering visible or obscuring data, they may each have reasonable application, depending on the research setting (Becker, 1989; Denzin & Lincoln, 1994). In this case I aim to directly investigate a social setting, and have chosen the tools that seem best suited to that enterprise. Ethnographic techniques have not often been applied to accounting and auditing issues, but I would argue that if we are to study these in the social settings envisaged by a variety of accounting authors (Burchell et al., 1985; Hopwood, 1984; Hoskin, 1994; Kaplan, 1984; Merino & Neimark, 1982), then such direct observation is called for. Like any other approach, ethnography has its strengths and weakness, costs and benefits. But having exhausted the publicly available documentation regarding the operationalisation of efficiency auditing, and having found significant lacunae in these accounts, it seems that one may develop a fuller understanding of how audits of efficiency, economy and effectiveness by going out into the field.



## VI. Mapping Out Three Audits

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### A. INTRODUCTION

At this point I turn to the three audits which I examined in the field, presenting an analysis of how each developed in turn. Later analysis provides important aggregation and analysis of the more general features of discursive formations (Bernauer, 1990; Foucault, 1972), but loses chronology, which may be a significant, humanising element in more conventional narrative (Richardson, 1990). I use a loosely chronological orientation as a means to explore these audits at a different level of aggregation than I will later present. In subsequent work I discuss this form of auditing in terms of a deployment, that is, in terms of a field of practices and discourse, as discussed earlier. This perspective offers powerful analytical insight, but can also be more abstract, and may lose certain simpler insights gained from the field (Glaser & Strauss, 1967). Although I link the material in this chapter to my earlier theoretical analysis, at this point I offer a different level of aggregation to introduce this material. I hope that this introduction will make the ensuing analysis more accessible, and allow the reader a more direct and less abstracted view of efficiency auditing than I will later present in tying together the various themes of my analysis.

Each of the three audits were first drawn up in an internal Office memorandum which outlined six possible audit projects, assigning a heading and a brief paragraph of explanation to each. The memorandum was presented to me in a meeting with a very senior auditor in July 1993. At that stage it became clear that the genesis of these potential audit topics, as expressed in the memorandum, was already difficult to trace. This meeting was not tape recorded, but was instead reviewed in analytical notes developed immediately afterward.<sup>1</sup> Consider this excerpt:

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<sup>1</sup> See earlier discussion of Spradley's (1979) guidance on these issues.

The discussion progressed with my commenting that it would be useful to get into the development of audit issues at the beginning. Peter's<sup>2</sup> comment was that I had missed it, that these issues had been in development, in a sense, for a long time, that in any event it would be practically impossible to come to a certain view of when the process of developing an audit issue started. Peter pointed out that Brian (a Senior Audit Manager) had been in the office for twelve years, that as a result he knew the deputy minister and assistant deputy ministers, knew how they worked, knew how the department had developed, what they were doing. All of these things could influence thinking about audit recommendations. Peter added that he thought people would find this an unusual conception of what auditing was—of the auditing process—and that this was one of the things that 'green-horns' in the office often got wrong, assuming that audit issues arose out of nothing, in a scientific, *tabula rasa* kind of way. But that is not how things work. They use tacit knowledge, acquired in social settings, attest audit, from a whole network of informal information sources. These insights can then be codified in the development of an audit issue.

Auditors themselves believed that the start of their audits was impossible to trace. I found that this belief had significant empirical support. Audits were influenced by a wide range of tacit knowledge, as Peter suggested. This had been gained through extended exposure to the Department of Health, detailed knowledge of its working procedures, personalities and norms. I could not recreate this experience in the course of my fieldwork. I did not engage in an empirical quest for the origins of the audits which I studied. Nevertheless, in terms of my concern with the operationalisation of such audits in general, this material does help in understanding the more general *processes* by which such audits would start. The ideas for these audits came from diverse sources; auditors drew on organisational, institutional and environmental knowledge, which they themselves grouped under the general heading of 'knowledge of business'.<sup>3</sup> The initiation of audits was influenced by knowledge of policy, both

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<sup>2</sup> Throughout this account, all names have been changed to protect participants' confidentiality.

<sup>3</sup> I offer detailed analysis of knowledge of business and other concepts in chapter six.

governmental and administrative, but was also influenced by auditors' detailed knowledge of the people, departments and histories involved. For example, senior auditors would refer to their knowledge of the department, of what the department had been interested in, and of what departmental staff had spent most of their time on; departmental norms were also studied. It was in this way that certain general concerns became audit issues.

Before proceeding, I would note that the names 'MIS audit', 'subsidies audit' and 'physicians' audit' were the abbreviations used within the Office when speaking of these projects. I use them here as a useful shorthand in describing my work, although I would emphasise that the names assigned to each audit should themselves be reflexively examined. Such abbreviations can provide important signs of how these audits were understood. Interestingly, the names of these audits remained fixed, even as the subject of the audits varied, sometimes greatly; I consider this below.

## B. THE MIS AUDIT

The first audit started from concerns with the implementation of the 'MIS Guidelines,' a Federal Government of Canada initiative to codify information on medical costs throughout the country.<sup>4</sup> The guidelines called for the collection and reporting of medical costs on an updated and standardised chart of accounts, allowing for greater comparability and analysis. The MIS project called for significantly more detailed accounting information than had previously been gathered. This had implications for data capture, centralisation and other management issues. These systems were computerised, with hospitals using computer systems to collect, store and eventually submit their data to Alberta Health's Head Office in Edmonton; the Provincial Government codified this information and relayed it to the Federal Government of Canada.

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<sup>4</sup> Though implementation of these guidelines had begun in 1988, this implementation had been an extended process (Office of the Auditor General of Alberta, 1993; Office of the Auditor General of Alberta, 1994).

The MIS audit was first headed in the internal Office memorandum (dating to June, 1993, and the formal start of systems auditing activity) as a concern with 'MIS Guidelines.' Its initial elaboration suggested important pre-conditions by which MIS matters were problematised as specific audit issues.

Hospitals are required to capture detailed information on costs. Most of the hospitals have treated this information as required for the Department, rather than for use within hospitals. The Department also is not using this to the extent possible in costing outputs.

Already, in this brief expression of potential audit issues, the auditors themselves saw their audit of the management information system as going beyond the 'technical'; their interpretation of hospital staffs' perceptions of the worth of MIS information were noted at the start. These perceptions would later become key to auditors' beliefs regarding the accuracy and usefulness of MIS data: without organisational commitment it was believed that the accuracy of MIS data was questionable. In this sense administrative technologies, such as the MIS system, were understood and represented in social terms.

The initial memorandum had its own antecedents. The auditor's organisational knowledge of what the Department of Health had been working on influenced the selection of MIS as a potential audit issue. The Department had expended considerable time and resources in developing the MIS project. This interest had been heightened by a chance conversation that one of the auditors had had with a member of the Department of Health's staff, in connection with attest audit work. The staff member had indicated that the department was having problems with the MIS data, and that the data was, in effect, questionable. As the auditor expressed this to me in our first research interview, "This should not happen if the MIS guidelines had been implemented properly."<sup>5</sup>

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<sup>5</sup> At one level this might be read as a naive faith in the MIS guidelines. But it could also be seen as a belief that better implementation would have prevented these problems: I believe that the latter interpretation is more what the auditor meant.

On their own these comments and concerns reflect certain issues at the outset of the MIS audit. An important and costly management information system was being established within Alberta's Department of Health. The hospitals budget was, at the time, some \$2 billion, and this was to be tracked through use of the new system. Yet the system seemed flawed: there were reports that the data which it produced seemed unreliable. Over the course of the audit it was learned that data quality was quite variable, and that in many instances data was captured in older financial and administrative systems which did not follow the MIS guidelines. This data was then converted to MIS format through aggregation and revision in computer spreadsheets. This process itself raised significant concerns regarding data reliability. In addition, the Department of Health's own definition of programs, which was crucial to the assignment and calculation of program costs, seemed to be a matter of significant internal dispute (Office of the Auditor General of Alberta, 1994, pp. 127-130). Auditors were aware that the Department had reviewed and used a variety of program definitions, coding systems, etc. It was unclear which definitions, categorisations, etc., were best suited to hospital activity.

Since the MIS project had started the health care environment had changed significantly. At the time of the systems audits there was an expectation that the healthcare budget would be cut by some 20% over three years as part of the government's plans for deficit reduction through reduced spending. The MIS project in Alberta had involved plans to use MIS data in what was known as the Acute Care Funding Project (Office of the Auditor General of Alberta, 1993). Under this project the Department of Health had aimed to establish which hospitals operated in a more financially efficient manner, and to reward this efficiency with funding transferred to these hospitals and away from seemingly less efficient units (Office of the Auditor General of Alberta, 1994, p. 129). As officials became aware of the political commitment to significantly reduce expenditures, these funding adjustments came to be seen as much less material. 'Rewards' for efficiency would effectively be overcome by system-wide cuts.

Auditors were well aware of the political and administrative context in which the MIS system operated. It was clear, for example, that funding re-allocation was a contentious issue, and that it had been an important feature in the



Department's efforts to promote efficiency. Nevertheless, at the outset the MIS audit issues were understood as being relatively straightforward, and therefore amenable to more traditional accounting modes of analysis and reason, such as cost control, measurement, etc. A management information system designed to track very material expenditures was apparently failing to produce the information for which it had been designed.

Given this approach, one might anticipate recommendations concerning ways in which program definitions, cost categorisations, data collection and editing, etc., might be changed so as to improve data quality and analysis. Indeed, the audit began with these more narrowly 'technical' concerns. It was for these reasons that the MIS audit was seen by the auditors themselves as the most straightforward of their projects. But over time the focus of the audit shifted to become more in line with what auditors believed to be 'higher level,' and ultimately more valuable, recommendations. These were understood as recommendations which moved away from more basic accounting issues, and towards an aggregate change in management approach.

Though chosen as a routine or simple audit,<sup>6</sup> it became clear that the MIS audit was logistically more demanding than the other audits examined. It involved the auditors in some twenty field visits, interviews and planning meetings, over the course of five months.<sup>7</sup> The first audit interviews began in August 1993, while the first draft recommendations were drawn up in October, some two months later. Over this period the focus of the audit had shifted away from detailed, specific concerns with the MIS project (such as whether the data was edited and managed appropriately) to wider concerns of the administration of healthcare in the province.

My study of a series of audits brought out an analytically important dimension of auditors' conceptions of their work. Though logistically

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<sup>6</sup> See earlier discussion in chapter five regarding negotiations between the auditors and researcher in the choice of audits.

<sup>7</sup> I was able to attend all internal meetings, and all fieldwork except for final exit meetings. I was sometimes unable to observe chance discussions in corridors, or similar more casual meetings, due to my not being immediately there.

demanding and taxing in terms of staff time and other resources, the MIS audit was not seen as complex. Its focus on what were understood as 'accounting' issues meant that it was seen as a lower level, and less consequential, audit. The remaining audits that I studied consumed far fewer resources, involving far less information gathering and audit planning, yet they were seen as much more demanding and complex, involving a 'higher level' focus. These audits were thought of as more likely to yield audit recommendations of more general scope, having significance for more general government operations. As this was more commonly stated by the auditors, these other audits would 'change the way they [client departments] do business'.

This focus on 'higher level' recommendations involving general change was linked to (but not synonymous with) concerns regarding political sensitivity. These combined concerns seemed closely correlated with auditors' perceptions of the difficulty (and value) of their work. Ultimately, the MIS audit recommendations would be revised to better fit with auditors' aspirations to promote more general change. But it is important to recognise that it was the MIS audit's more direct association with recognisably 'accounting' oriented issues that led to its being judged as lower grade and less demanding work.

At the start, the MIS audit was placed in social and organisational context. The senior auditor assigned to the MIS audit himself perceived the Department of Health as being receptive to audit opinions, but managerially over eager. That is, the Department seemed to "get ahead of themselves—ideas are put in place without the necessary support." The auditor had an informal outline for the audit, believing that the majority of the work required would be field based, comprising mainly of interviews with Departmental officials, together with some analysis of Departmental minutes, memoranda, etc., to provide documentary support.

The strategic character of systems audits began to emerge in the first MIS meetings. Prior to an interview at the Department of Health the auditor made it plain that while the development and planning of the audit would occur in tandem with the gathering of audit information, he also had ideas of where the audit would lead, "Sometimes its best to start with the recommendation and confirm it. To recognise the problem at the start and confirm it."

Nevertheless, the MIS audit was changed significantly over its course. The earliest draft of report material, dated October 14th, presented two potential audit recommendations:

It is recommended that the Department define programs to be provided at hospitals.

It is recommended that the Department develop systems to determine all costs of providing programs.

Surrounding text was marked at various points with asterisks and notes that examples to support these recommendations would be required.

The later published report of (dated December 31, 1993, but released in early 1994) included three major recommendations derived from the MIS audit, involving these initial concerns, but also elaborating and modifying them:

Recommendation No. 36

It is recommended that the Department of Health establish useful definitions of hospital programs and use this information to determine programs that are to be offered by each facility.

Recommendation No. 37

It is recommended that the Department of Health take action to improve the quality of systems used to determine the cost of hospital programs so that the systems can be used to compare performance between hospitals and to support hospital funding decisions.

Recommendation No. 38

It is recommended that the Department of Health determine whether the hospital performance information used to allocate funds to hospitals is reliable for that purpose.

(Office of the Auditor General of Alberta, 1994, pp. 128–130)

Again, the auditors themselves understood the shift in the MIS audit as being to a 'higher level'. Early discussions of potential recommendations had focused

on the mechanics of the MIS system, with the idea of making what were termed simple 'accounting' type of recommendations. By contrast the revised MIS recommendations were valued as 'higher level' work which might "change the way that the Department did business." The MIS recommendations, then, were not simply aimed at producing a more technically cohesive accounting system (this was seen as a lesser objective); instead they were concerned with the wider aim of influencing the day to day operation of the Department. As a result, the recommendations, and the concerns surrounding them, became progressively more abstract, and of general application.

Significantly, although the audit continued to be termed the 'MIS audit', the recommendations themselves do not mention the MIS system directly (although MIS is discussed as a major accounting system in the surrounding text). There were, of course, certain effects which flowed from this interpretation. Viewing the MIS system as an accounting system meant that it was an apparatus that could best be examined by the auditors; an accounting interpretation placed the MIS system squarely within their area of specialisation. It followed, then, that accountants were well suited to judge the system, an important point, since other professionals party to the system (such as statisticians, economists, epidemiologists and other medical practitioners) also had claims to knowledge and expertise with regard to this system. Framing it in expressly 'accounting' terms performed an important translation from a system in which all these professionals had been involved, to one in which auditors had special knowledge and ability. To conceive of the MIS system in terms of accounting shifted the system well within auditor's professional jurisdiction, as did parallel auditor concerns with such matters as the reliability of information (Abbott, 1988).

In detailed meetings within the Office, in which two senior auditors jointly edited and wrote the recommendations and associated material, it was made plain that the MIS concerns had framed these 'higher level' and more general recommendations. Though the recommendations were presented at a 'higher level', they were, at their root, motivated by what the auditors had learned of the MIS system. These concerns were amplified in discussion of the editing of MIS data:

We have to be careful because that [phrasing of recommendation] assumes it [MIS data] is used. But based on the data quality—based on what we know, they are unlikely to be able to use this data.

That these reports were purposively written, and designed to encourage specific change was again suggested in another exchange during this writing process:

We have to make this a loud message that this is costing you a bundle and that you're not going to get what you want—that there is no pot of gold at the end of the rainbow.

Auditors would often speak of their work in similarly direct and assured terms—even as the scope of their audits, their findings and recommendations changed materially. Audits involved significant co-ordination and strategising. When more direct strategising failed, when matters proved to be too complex or uncontrollable, elements of the language associated with these earlier strategic approaches remained nevertheless. These 'failures' of the auditors' more purposive approach were often relegated to the background of collective memory, with the effect of maintaining an image of audits as rational, planned and controlled. In the early stages of fieldwork, when auditors were a little apprehensive of my presence, a very senior auditor commented in conversation that his colleagues had been concerned that I would see changes in their auditing approach over time—that certain avenues of inquiry might be pursued and then discarded as others were developed. This was problematic since it suggested a contingency or frailty to auditing recommendations that auditors found discomforting.

This was a significant episode in suggesting a need for caution in interpreting auditors 'strategies'. Though there were important elements of purposiveness and deliberation in their auditing, when these were lost in the face of change or uncertainty, the language of purposiveness remained. Auditors derived a certain comfort from understanding their work in these more proactive terms. 'Systems' audits were widely seen as riskier and more complex than attest



audits; as one auditor put it, "you know, a guy can flounder around forever in some of these things." These private allusions were denied in a shared public discourse of strategy, purposiveness and control. While this discourse represented important elements of the auditing process, it is instructive to note that it was maintained in cases of change or uncertainty, and even as certain strategies were reformed, revisited or abandoned.

In drafting MIS recommendations concerning the adequacy of the system's information, auditors set out their interpretation of the project, establishing meaning amongst themselves, and drawing on a quite definite problematisation of the MIS system, as this excerpt from the same meeting demonstrates:

**Senior Audit Manager (SAM)** I don't know, I don't know where they relate. Is that a direction... do you feel comfortable with this?

**Audit Manager (AM)** Yes, what is the recommendation though?

**SAM** That they review their information—lets be more specific on MIS. They could review—lets say that the Department should decide if this will provide the information that they need. [...]

**AM** We could link it to the role statements [...].<sup>8</sup>  
[...]

**SAM** We could look at the role statements speech that Betkowski [previous Health Minister] gave to see how she sees it going...

[...] If this [the MIS system] was important then it would have been ready much sooner. That it isn't, and that hospitals aren't committed, suggests fairly fundamental problems.

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<sup>8</sup> In an earlier exercise, hospitals had developed role statements to indicate to the Department of Health which medical programs they offered. This was meant to allow greater co-ordination in the supply of medical services. However, it was found that hospitals did not report their activities in a manner consistent with role statements; role statements were themselves unstandardised. It seemed that hospitals' actual activities did not match their stated roles. The Department of Health came to rely instead on standardised diagnostic codes and service area codes in patient records (Office of the Auditor General of Alberta, 1994, p. 127). Of course, such codes present their own analytical problems (Covaleski et al., 1993; Preston, 1992).

In the meeting it was made apparent that the Department's MIS project was in some disarray, and that this fell into a pattern of ambitious management information projects, often launched without a clear understanding of the information needed or desired. Similar prior efforts were viewed as less than successful. In this sense, the MIS audit was grounded in institutional and environmental knowledge. While the MIS recommendations themselves seem relatively innocuous, they involved important elements of intent, with auditors holding certain ideas as to underlying problems which required change. This purposiveness, moderated by elements of discovery and uncertainty, was a recurring feature of the efficiency audits which I followed. Internal discourse presented systems audits as susceptible to a purposive and deliberated approach.

### C. THE PHYSICIANS' AUDIT

From the outset it was clear that auditors understood the physicians' audit as being very politically sensitive. In the first audit meetings to discuss this material they were at pains to stress to me that, pending publication of their report, the material was strictly confidential (of course, this confidentiality applied to all other audits, but remained unstated). At the time that the initial audit memorandum had been drawn up, one senior auditor made it clear that if the medical association suspected that there was extended audit scrutiny regarding its member's activities, it would engage in strenuous lobbying activity within government. Previous investigations regarding fraudulent or excessive billing had been vigorously contested by physicians, who suggested that a questioning of billing practices was inappropriate since they were 'professionals.'

The Physicians' audit arose from the auditors' attest work on the public accounts for that year. The Department of Health's financial statements contained a liability of some \$15m Cdn., which had arisen in connection with an agreement between the province and its physicians, represented by the Alberta Medical Association (AMA). Essentially, the agreement had been intended to cap medical costs by altering the fee for physician service in accordance with changes in patient volumes. The agreement was based on a

view that physicians were more than just passive respondents to a 'natural' patient demand for medical services. In their choices in treatment, testing, etc., physicians were believed to influence patients' use of the system.

The overall fee for service budget was set accordingly. If patient volumes were as expected, then fees would remain stable. If patient volumes increased, fees would be lowered so as to stay within the global budget. Conversely, if volumes decreased, fees would rise. These adjustments would be made over the course of a financial year. A side effect of this agreement had been that actual payments to physicians had fallen some \$15m Cdn. short of the budgeted total—this was the liability that had occurred in the Department's accounts.

This amount attracted the auditors' attention since they were initially unsure that it really was a liability under Canadian GAAP. Eventually, they satisfied themselves that it could be treated as a liability, even though the liability was not to a specific body or person, but was instead due to the physicians of Alberta. The agreement had not specified any method of apportionment or payment of such sums. In addition to this, the agreement involved rises in physician fee income of some 3% and 5.8% in successive years, at a time when the provincial government had made clear that it intended to reduce the salaries of government employees by 5%. These cuts to government employees were a part of the provincial government's planned spending reductions, intended to eliminate the provincial deficit. This context imbued the first formal statement of the physician's agreement as a potential audit issue, as it appeared in the Office's first memo:

An agreement was negotiated with the AMA [Alberta Medical Association] re payments to physicians. The agreement was complicated, [...] as it results in increases to physicians that cannot be justified under the present economic climate. Issues arising from these, including utilization reviews, will need to be audited.

Overall, the agreement was not seen as being in the Province's best interests. The auditor charged with the day-to-day conduct of the physicians' audit described its development as an audit issue as follows:

Well this one was a little different. It came about as a result of our attest work, the Department, or the fund, was recording a liability of \$15m dollars that we were a little bit uncomfortable with, and it was based on this agreement, and we took it to the exit conference, just to make sure that it was a real liability. [...]

There were several aspects to the agreement. The agreement hadn't been signed, some terms, some aspects of the agreement were open for re-negotiation, and there was nothing in writing to say that, yeah, by May, to say that we are in agreement, and therefore there is an additional liability. So we took it to the exit conference and they convinced us that although the agreement wasn't signed it was a legally binding agreement. So from an attest point of view we were satisfied that it was a liability, but from a systems point of view, we weren't quite sure if it was a good agreement in terms of the fiscal restraint policy, so that we said, you know, from an attest point we've done what we can, from a systems point of view we should come back and take a closer look at the agreement if it's going to incur additional costs.

Although the agreement had been negotiated between an employer and a group of what were, in effect, its employees,<sup>9</sup> the auditors came to the view that the agreement was bad for the province, a perception that helped initiate their intervention, and their concern with the cost effectiveness of the agreement. This perception was influenced by a changing political context as evidenced by the auditor's reference to 'the fiscal restraint policy' above. Faced with substantial yearly deficits the newly re-elected provincial government had committed itself to substantial reductions in expenditure, with the aim of a balanced budget by the 1996-97 fiscal year. This plan involved overall government expenditure cuts of some 20% (Dinning, 1993b). Auditors were very much aware of this policy climate. This appreciation was again evidenced in the auditors' final report material, in which it was suggested that,

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<sup>9</sup> This is of course a term that the physicians' professional body, the AMA, would resist as part of its efforts to maintain an image of professional distance. Nevertheless, for the vast majority of doctors, the provincial government provided their only income.

the Department needs to review whether the growth in payments to physicians of \$45 million during 1992-3 and an additional estimated amount of \$27 million during 1993-94 meets its objectives of economic restraint. (Office of the Auditor General of Alberta, 1994, p. 140)

That auditors would feel able to comment in this way on a freely negotiated contract might seem strange, but it was very much in line both with the auditors' active consideration of alternate courses of action for government and with their participation in (and partial constitution of) the normative environment of the time. In the course of their audit planning meetings concerning the physician's audit, the auditors would consider such possibilities as the replacement of fee for service payment with physician salaries, and the creation of Health Management Organisations (HMOs) or similar approaches to managed care in Alberta. While the audit report maintained elements of a dispassionate approach to government service, it also seemed that certain opinions had developed at an early stage and continued to the audits' conclusion. Consider this exchange from the first formal audit planning meeting concerning these issues:

**Senior Audit Manager (SAM)** We will look at the system used to gather information to project the costs to the province from this agreement. It is a complex agreement. It talks about dollars, but the department is also concerned about doctors flying south after nine months work if they reach their limit.<sup>10</sup> So its a complex agreement, with a formula that focuses on a service component.

It looks like an embarrassing contract to the department,... to the province really.

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<sup>10</sup> Similar capping arrangements in the province of Ontario had capped Doctor's incomes at a global maximum. As a result, some Doctors had pursued their practice vigorously until their dollar limit had been reached, and then taken extended vacations in the United States (often during Canada's trying winter months). This reduced people's access to medical services, and was regarded as an unintended consequence of cost control efforts. The Alberta agreement had been designed to avoid such results.



**Auditor (A)** The doctors did not bill as much as was expected. The utilisation is down—people are seeing Doctors less. So how did they come up with these projections?

**SAM** Another thing, billings were less in the first quarter. Lowering the allowable charges has reduced service.

What do we focus on—the utilisation aspect, the way they get paid? ... The system is driven not to curing people, but to getting paid more.

**A** We need to focus on the system in place. How do we disprove that it is a good agreement?

**SAM** We need to look at the system for projecting costs. That's our issue.

Overall, the agreement was understood as being somewhat embarrassing, both to the Department, and to the Province; especially given the understanding of a climate of fiscal restraint which had developed since the argument had been made. The initial audit memorandum had been compiled in the summer months, and had been circulated internally in July, 1993. This first audit planning meeting was held in September, some two months later. It was the first formal meeting to address these audit issues, with managers and auditors thinking aloud about the project ahead. Yet already there was a quite remarkable coalescence of opinion regarding issues of concern, pointing to the role of tacit accounting and auditing knowledge. For auditors, the physicians' agreement was indeed a 'bad' agreement, in that it was not cost effective, as was suggested in the initial memorandum. The task ahead was to demonstrate this to other parties. Rather than a process of discovery or investigation, the audit was envisaged in terms of explicit objectives, with the central issue being how to best show the inadequacy of the agreement.

In practice the actual process of auditing was more complex. It did involve discovery, uncertainty and amendment. There were day to day confusions, pauses and inactions. Indeed, the physicians' audit came very close to complete cancellation just one month after the initial planning meeting. The same auditor who initially understood the audit in terms of disproving that it was a good agreement would preface the fourth planning meeting with a comment that

We know there's an issue here—it's just not stated right. We need to establish some priorities with all the work that's going on now. So I called this meeting before winding the audit down.

The audit that had once seemed so sure and direct now seemed provisional. While I believe that there were important elements of strategy in efficiency audits, and that auditors developed a broadly strategic approach to simplify problems which they otherwise believed to be insurmountably complex, there were other benefits in this approach to audit issues. In particular such an approach served important social functions, placing potentially difficult and uncertain issues within the auditors' frame of reference. Professional jurisdiction, the range of activity in which professionals can claim special knowledge and expertise, is central to professionals' abilities to map out their practice and protect it from the incursion of other, competing groups (Abbott, 1988; Miller & Rose, 1990). The physicians' audit tested this professional jurisdiction, less in terms of competing groups wanting to perform these audit duties, and more in terms of auditors' own conceptions of their abilities. The physicians' audit was a complex and politically sensitive audit which strained the boundaries of the auditors' jurisdiction. It tested their knowledge and expertise. Indeed, in the process of negotiation through which audits were initially chosen, it was seen as the most complex audit of the three. As a consequence, the audit was problematic, or as the auditor above noted rather hermeneutically, as if in search of meaning, "we know there's an issue here—it's just not stated right".

For auditors aware of this complexity a language and approach which represented the audit amongst themselves as being well within their professional jurisdiction was both purposive and practical. It allowed them to get their audit work done, by providing a collective re-assurance that it was *their* work, that it was fit and proper that *they* conduct it, that this work was not at all out of the ordinary, difficult, or complex. This was an enabling discourse which, if sufficiently participated in by the group, allowed the audit to continue. Discourses of professional competence and sufficiency were eminently practical

in these circumstances. We should note again the response to an auditor's comments regarding the essential question underlying the physicians' audit

**Auditor (A)** We need to focus on the system in place. How do we disprove that it is a good agreement?

**Senior Audit Manager (SAM)** We need to look at the system for projecting costs. That's our issue.

There is no correction or disagreement here; the senior audit manager simply suggests areas which might further these lines of inquiry. The auditor's comments fitted well within discursive fields with which his/her superior and other auditors were familiar. The auditor's comments were defensible, credible and true in these terms. What is analytically interesting here is not that the auditor presents the audit—in the first planning meeting—as a project that would portray a labour agreement as being too costly. It is rather that his/her superior and others treat such views as unremarkable, as normal, un-noteworthy comments which provoke no reaction or disagreement. They fit within the auditors' collectively accepted discourse.

The physicians' audit was viewed within the Office as being politically contentious. This compounded the difficulties that auditors generally associated with systems audits. While attest audits were seen as straightforward and relatively safe; systems audits were seen as risky, presenting a real danger of using valuable staff time (which was continually logged and analysed) for ultimately unproductive work. Audit productivity was understood as publishable audit recommendations, which, after the Office's mission statement (Office of the Auditor General of Alberta, 1994, p. 180), were presented as recommendations which improved the financial administration of the province. This criteria of audit effectiveness provided a powerful guide to auditor's behaviour, as is witnessed by suggestions of the abandonment of the physicians' audit at a time when it seemed that the criteria of effectiveness would not be satisfied.

The perceived risks of systems audits presented significant problems, both for auditors generally, and at the individual level. For individual auditor's own

careers it was important to be seen as competent and effective. The recent implementation of an internal accounting system<sup>11</sup> centred on 'income statements' had made professional staff potential profit centres, down to the manager level, and had added to demands to be seen as effective. In particular, since 'income' was derived from published audit recommendations, it was important to develop these, or to suspend the audit as soon as such recommendations appeared unlikely (thereby minimising unproductive time).

For auditors working within these systems, their commitment to audits as a part of their professional jurisdiction had to be paired with an ongoing consideration of the likelihood of publishable results. This inherently provisional commitment to an audit allowed the auditor quoted above to envisage the physicians' audit as a direct task, and then four weeks later propose its abandonment.

While auditors would often speak in ways which suggested that audits were direct and untroubled, and that their work could meaningfully be mapped out and strategically planned, there were important elements of discovery as their work progressed. Often, these discoveries were subsumed and normalised in an ongoing discourse which emphasised confidence, competence and the normalcy of their work. A less undulating pattern of progress anchored and normalised by familiar attest auditing practices and procedures, named 'working papers', 'exit conferences', 'management letters' and the like, in strict emulation of more familiar attest auditing work, was important in enabling auditors to conduct systems audit work. This discourse and its associated practices provided assurance to themselves and to others that efficiency auditing was an unremarkable, normal part of their practice. Promoting this normalcy was an important reaction to internal and external concerns regarding their work. In interviews some auditors expressed concerns at the ambiguity of systems audit work in comparison with what they understood as straightforward, direct attest work. The importation of attest auditing terms attempted the important social function of assuring both auditors and their clients that systems auditing drew on (and benefited from) their specialised knowledge as auditors.

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<sup>11</sup>Detailed below.



This normalisation, held together with a discourse normalising systems work and emphasising its fit with accountants' professional competence as auditors, was important for them both in establishing systems audit work as a recognisable part of their practice, and in maintaining the legitimacy of their work with client entities. In this way such internal conventions as the naming of working procedures (such as 'working papers', 'entry' and 'exit' conferences, etc.) served important social purposes both within and outside the Office. These practices were linked with discursive fields which supported the practice of systems audit work. I return to these issues in later analysis.

#### D. THE SUBSIDIES AUDIT

At first sight the subsidies audit might seem the most straightforward of the three audits. The auditors' initial memorandum described it as a problem involving quite basic management control issues. Headed as 'Health Care Registration—Costs of Subsidies' the program initially addressed various exemptions from provincial healthcare premiums. The auditors were interested in assessing the costs of these exemptions. Though subsequent published recommendations would refer to medical services in general, without reference to premium subsidies, the auditors' concerns regarding the reporting of medical costs had first coalesced around the issue of subsidies.

Canadian provinces provide necessary medical services under the Canada Health Act. Though the Federal Government of Canada had prevented provinces from charging user fees for medical services by withholding federal funds in direct proportion to user fees levied, healthcare premiums had been allowed. While most provinces had elected to fund healthcare through general revenues, Alberta and British Columbia continued to charge premiums. The Government of Alberta had significantly increased these premiums in recent years, treating healthcare premiums as something other than a politically unpopular tax. At the time of the audits the government had mounted a series of reviews concerning the financing of medical services, and in an initial report had suggested de-insuring certain 'non-essential' services, and funding these



instead through individual insurance premiums and deductibles (Crockatt, 1993; Mirosh & Oberg, 1993).

The context of the time, then, was an increasing government reliance on healthcare premiums. As these premiums rose, so too did the costs of revenue foregone through exemptions from premium payment that had been granted to various groups. It was with this in mind that auditors first stated the concerns of the subsidies audit:

Benefits are provided to registrants for various programs without any means tests. Costs of such programs are to be investigated and the amount of subsidies provided needs to be determined.

The mention of means tests at this point is especially significant given later government proposals to develop such tests for the largest exempted group, senior citizens. Premiums were not charged to senior citizens (those over the age of 65), nor were they charged to senior citizen's dependents, regardless of age. This exemption was granted regardless of income. Other exempted groups gained their exemption through a variety of different provincial Acts and inter-governmental agreements; they included welfare recipients, the severely handicapped, certain native groups, prisoners, and others.

The first planning meeting concerning this audit occurred in September at a relatively early stage in my fieldwork. It provided important insights both of initial apprehensions regarding my presence, and of the ways in which auditors would ordinarily relate problems to each other, as indicated in the following exchange which occurred within a minute of the meeting first addressing the subsidies audit:

**Senior Audit Manager (SAM)** What drives the subsidy, legislation or departmental practices?

**Audit Manager (AM)** The bulk of these appear to be public policy issues. The Act exempts certain classes completely.

**Auditor (A)** What do we want to improve [...]?

**SAM** There's no hidden agenda here. We need to know costs, and what is driven by the legislation.

A Our issue is what are the costs of subsidies.

SAM Yes, and should there be income tests—means tests—for those people defined in the Act. Then you relate it to...

AM There are no income tests for seniors.

SAM It relates mainly to seniors, the drug program, should that be income tested. Would we be comfortable with a recommendation like that?

AM That's a policy issue.

A We could focus on systems and then lead up to policy...

SAM OK

At the close of the meeting the more junior auditor quoted above approached me and commented that the suggestion of a 'hidden agenda' was inappropriate. That a more senior auditor felt the need to correct his/her staff during the meeting was, it seemed, more a function of my presence than of any breach of normal etiquette at such occasions. Auditors understood that their reports and the information in them were not 'neutral'; they appreciated that the release of certain types of information would be more likely to promote some courses of action rather than others, depending on the normative climate associated with the information's release. It was also apparent that they could consciously gather information and write their reports mindful of this normative context.

This was a particularly important exchange in alerting me to these dimensions of auditing. It became increasingly apparent that an awareness of normative context—of wider discourses in society—was of central importance to the auditing process. Auditors invested much time in studying such matters over the course of their audits; their auditing technologies, working procedures, standards, etc., were in large part geared to the acquisition and use of such knowledge. It was in this wider context that the junior auditor quoted above could talk of a 'hidden agenda', of an audit that might alter policy. It was this wider context again that allowed this auditor's colleagues to contemplate various means of approaching potentially contentious policy issues, recognising this controversy, but approaching them deliberately nonetheless.

Like the physicians' audit, the subsidies audit centred largely on documentary research, with audit evidence gathered from legislation and departmental files.<sup>12</sup> The first working papers involved an analysis of the various exempted groups, and the legislation providing exemption. Departmental financial statements, and analysis of premium revenues, revenues foregone through exemptions, and of bad debts completed the analysis. An understanding of these audits as examples of systems auditing would be very different if my study had focused on working papers alone. For it was in meetings and other exchanges that audit material was interpreted and given meaning; accounting analysis of health data was given life in social exchanges. Consider this excerpt, again from discussion in the first subsidies audit planning meeting:

**Senior Audit Manager (SAM)** Let's focus on 'do we know the cost of this'.

**Auditor (A)** I sure would like to say you collect this from everybody. Many rich people don't pay tax. It should be a minimum tax.

**SAM** You have to go by means tests. You have to identify the costs, the benefits, etc. You also have to identify the recommendations made in the Act. We should see how that fits with our Act.<sup>13</sup> Can we make these kinds of recommendations?

**A** We did end up hitting hard on social services, that's a precedent. You always end up talking about these kinds of things in the end.

**SAM** We'll have to talk to Don Salmon [Auditor General of Alberta] and see if he feels comfortable with us pursuing this area. We can still do it at a micro level, and look at the costs for each group...

People who cannot afford coverage should get a reduced rate, subsidies.

A number of issues are addressed here, including the auditors' approach to policy issues, certain views of what should occur in the healthcare and taxation arenas, their interpretation of their governing legislation, and interpretations of

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<sup>12</sup> As previously noted, the MIS audit involved significantly more audit planning meetings and audit fieldwork than did the others.

<sup>13</sup> 'Our Act' refers to the Auditor General Act, 1977, which established the Office of the Auditor General of Alberta and set out its mandate (see earlier analysis for further details).

their prior work. Auditors did not seem inhibited in mixing together their own views regarding government policy with their auditing plans. Views regarding the appropriateness of certain courses of government action often provided a backdrop to audit work. While there was some reticence as to whether policies such as means tests could be openly advocated in a recommendation (as witnessed by the decision to approach the Auditor General regarding this material), there was also a belief that auditors had engaged in this kind of behaviour before—that 'hard hitting' recommendations had been made in the past, and that, regarding policy issues, "you always end up talking about these kinds of things in the end."

My own observations of the development of audit plans, the conduct of audits and their eventual expression as written audit opinions certainly bore this out. Auditors did address policy and other issues, either expressly in the body of their work, or in their purposive approach to such things as their choice of audits, or their disclosure of information. By this stage the reader will already have gained a flavour of these wider concerns. Beyond this introduction, I further address this purposiveness later, in analysing the combination of auditors' knowledge and practices, and their incorporation of wider discourse in their work.

While the subsidies audit was initially conceived with quite particular views regarding government policy, the eventual recommendations concerned medical costs in general.

Recommendation No. 36

It is recommended that the Department of Health improve the reporting of the full costs of health care programs and services in order to facilitate decision making. (Office of the Auditor General of Alberta, 1994, p. 125)

In the 'exit conference' held to conclude matters with senior managers in the Department of Health it became clear that government action was in process regarding the equity of healthcare subsidies. The government would later propose that subsidies for senior citizens be means tested. Partly because of this then nascent action, and partly because of the auditors' recurrent concerns to

move their work to a 'higher level', the audit was refocused on more general issues of medical costs.

As in the MIS audit, then, the subsidies audit became influenced by wider Office conceptions regarding best practice in framing recommendations. Earlier recommendations based on the subsidies audit had suggested that the Department of Health "provide full information on [the] full costs of health programs and subsidies". This applied strictly to premium subsidies; by contrast the eventual recommendation springing from the subsidies audit made no mention of healthcare premium subsidies. The issue of subsidies was instead replaced with a more general concern regarding the reporting of medical costs, as the Annual Report suggested in working toward the recommendation:

Incomplete and fragmented information increases the risk that policy makers will not understand the level of health services provided, and the composition of program costs. The risk of funding health services without considering overall health care needs is also increased. (Office of the Auditor General of Alberta, 1994, p. 125)

In later interviews a senior auditor with responsibility for healthcare work expressed satisfaction with the results of the subsidies audit. The eventual recommendation was seen as wide ranging and valuable, typifying the 'higher level' of recommendations to which auditors aspired in their work. Under the Office's new system of income statements the subsidies audit was expected to generate high income, and be seen as one of the best recommendations developed in the health area that year. Yet, as one auditor would comment, "It's not really the subsidies audit any more."

I have earlier argued that while audits might change, sometimes dramatically, over the course of an audit, the names of the audits would remain stable, as an internal shorthand. The reference to the subsidies audit as being concerned with subsidies continued to a degree even after this dimension had been lost. While auditors' assessments of the world were subject to revision and their audits were sometimes subject to major re-orientation, the language regarding these audits was relatively static. Difference, ambiguity or surprise was



downplayed by this and other approaches. Nevertheless, even in the subsidies audit with its substantively revised focus, there were significant elements of continuity. In the first audit planning meetings a senior auditor had variously stressed that the auditors should focus on "do we know the cost of this". This, essentially, was the concern expressed in the ultimate audit recommendation, although it was applied to medical services in general, rather than premium subsidies in particular.

To this point I have mapped out the course of the three audits that I studied, noting their general concerns, orientations and recommendations. I have chosen to address these elements first so as to give the reader a better feel for the way that these audits were conducted in the field, and to offer a less theorised and abstracted view of my fieldwork than I will presently develop. There are costs and benefits to both approaches. In presenting fieldwork as I have done above one runs the risk of developing 'stories', and being charged with an insufficient regard for the value of theory. In developing a more theoretically driven account one may omit vital elements of practice, and lose a sense of a stream of events as they occurred (Richardson, 1990). I retain a respect for knowledge gained from the field (Glaser & Strauss, 1967).

While my main interest here is in theoretical insight I have tried to achieve a balance between a presentation of 'stories' and a theoretically flavoured account. My initial recounting of the progression of these three audits is inevitably coloured by certain theoretical concerns, as the reader will no doubt have gathered. Much of this is intentional, as I have tried to develop pointers to later theoretical analysis, and indicate how these insights occurred to me in the field. My hope is that this first section will help the reader in placing my own research, and understanding where later theoretically organised material came from. In this chapter my aim has been to provide a less mediated narrative account of these audits, thereby allowing readers to draw their own conclusions regarding the persuasiveness of subsequent theoretical analysis.

## VII. Knowing Efficiency in the Field

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### A. INTRODUCTION

Others concerned with discourse and practice have expressed their work in terms of arenas or other broad streams of discourse (Burchell et al., 1985; Robson, 1991; Robson, 1993). Similarly, I concern myself here with an exposition of discourses and practices that allowed efficiency auditing work to be conducted. As discussed earlier, I understand discourse and practice in terms of mutual influence, each setting the scene for the other. In this chapter, I map out the audits that I followed in terms of three aspects of the deployment surrounding this work, namely Strategic Auditing, Effectiveness, and Accountability. All are drawn from my observations of auditing as it was conducted, together with review of working papers, interviews with auditors as their work progressed, etc. While I went to the field with much interest in observing practitioners, and in learning from them, my observations inevitably present a view that is framed by my prior theoretical interest in what it is that makes efficiency auditing work—with the ideas and practices that allow it to be conducted. With this in mind, I introduce each aspect briefly now, and elaborate them in following discussion.

*Strategic Auditing:* Efficiency auditing is a relatively unstandardised practice. Auditors face a wide variety of audit material, often with few of the standards available to them in their attest audit work. In the absence of more conventional auditing standards, auditors sought out a series of guides to the organisational and social environment in which they operated. Chief among these was their reference to 'knowledge of business', a broad appreciation of norms, activities and concerns in client departments, government, and society at large. This knowledge was used to tailor recommendations, mindful of their normative context. The complexity of these audits was compounded by the demands which auditors faced to produce what were seen as 'effective' recommendations (see discussion of effectiveness below). The prevailing way of

dealing with these pressures was to audit purposively, with use of knowledge of business, and with certain outcomes and recommendations in mind during the auditing process. As a result, these audits were often less the product of a process of discovery, and more the product of auditor's strategems.

I term this general approach strategic auditing,<sup>1</sup> and explore auditors' use of their knowledge of business in support of this. I then outline the issues of 'effectiveness', and accountability as discursive guides to, and illustrations of, this more general approach.

*Effectiveness:* Like other professionals, auditors drew on collectively held norms regarding appropriate professional conduct, aims and objectives (Burchell et al., 1985; Foucault, 1977a). In the Office of the Auditor General, norms regarding the efficacy of audit work centered on particular conceptions of effectiveness, and especially the encouragement of organisational change. A variety of effects flowed from these conceptions, with ramifications for the conduct of audits, audit recommendations, and the nature of the efficiency that was reported. I explore these in elaborating the idea of effectiveness as a guide to practice.

*Accountability:* Accountability was a prominent concern in the framing of the Auditor General Act in 1977. It continued to be a concern in the ongoing conduct of audits, with auditors viewing their audit reports as a key accountability document for their clients. However, this accountability<sup>2</sup> was

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<sup>1</sup> I would distinguish this view of strategic auditing from that of other researchers who have termed attest auditing strategic as part of their very different theoretical concerns to understand auditing as a game motivated by discernible self interest (cf. Morton, 1993). While such authors are interested in mathematical analysis of interests imputed to auditors, clients and others, I am interested in the knowledges and practices that support this form of auditing, and the influences that these dimensions jointly have in the operationalisation of auditing practice.

<sup>2</sup> Accountability has re-surfaced as a managerial concern, with much popular managerial discourse surrounding it. As Munro (1993) has pointed out, a multiplicity of control technologies have been associated with 'accountability.' This multiplicity is itself complicated by the varying outcomes of actors' everyday strategic behaviour. The reflexivity in accountability that I envisage above is itself similar to Munro's observation that control

reflexive, and operated at multiple levels. While auditing offered a means of holding client entities accountable through reference to audit reports, it became clear that these audit reports were also viewed by the auditors as an accountability tool for them. Viewed as a 'showcase' of their work, the annual report was understood as providing accountability both of their office, and to individual auditors, as work was broken down and assigned value at an individual level through internal management systems. I examine the reflexivity of this accountability, and its effects on auditing behaviour in later discussion. Various ideas of accountability were an ongoing concern for government, with renewed political interest in managerial reform and improvement. I link the discursive frameworks guiding auditors' work to auditors' concerns in negotiations with government regarding their potential involvement in new regimes of performance measurement.

*Contingent Efficiency:* My overall conclusion regarding the deployment which I analyse here is that the efficiency that these auditors reported on was socially constructed, and relied in important respects on the ideas and practices that auditors used in conducting their work. The result of this auditing activity is less a conception of efficiency that finds universal application, and more a specific, tailored conception; a malleable efficiency significantly influenced by auditors' understanding and negotiation of a series of social and normative environments.

I now elaborate each of these dimensions in explaining my fieldwork examination of auditing.

## B. THE DEPLOYMENT: STRATEGIC AUDITING

In most significant respects, systems audits were quite different to attest work. In contemporary attest auditing, relatively standard procedures and tests would guide much of the audit work (Buttery et al., 1993; Francis, 1994; Lemon et

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technologies and other accountability devices provide an internal logic that can be used to legitimate and support resistance (Munro, 1993, p. 267).



al., 1993; Turley & Cooper, 1991). Auditors would use standard audit packages, check lists and the like to pursue their inquiries. At the close of this process the auditor would be expected to issue a standard opinion on the financial statements as a whole; significant variation from this standard would be a cause of concern.

But compare this comparative routinisation to the first question that the efficiency auditor has to face, namely, 'what shall I audit?' The Alberta mandate, in common with those of other jurisdictions, calls for audits of economy, efficiency and effectiveness, but does not require the kind of comprehensive audit opinion associated with an attest audit. Auditors do not offer blanket audit opinions on the efficiency of all of government's activities. Rather, they choose to examine a limited set of government activity, and then construct audit activities around these choices.

In this section I argue that this strategic dimension has important influences on efficiency audit, and that it grounds much of the audit technologies that are used in this work. In particular, auditors seek out a series of organisational and cultural guides, which they term 'knowledge of business', one of their central concerns being to establish which kind of recommendations would be found credible by government administrators, managers and politicians.

It is important to note that although I describe the elements of the deployment surrounding this auditing as though they are separate, delineable lines of thought and action, they all act in *conjunction* in the field (Bernauer, 1990; Gordon, 1991). For analytical purposes it may be interesting to strip these dimensions out from the field, and treat them as independent streams, but in practice they are highly associated, and mutually supporting. I highlight certain of these links in ensuing discussion.

The idea of auditing as the strategic process that I have briefly outlined above stands in contrast to the more dispassionate, routinised activity suggested by auditing manuals (cf. Office of the Auditor General of Alberta, 1991). I would note that auditors themselves did not expect others in their profession to immediately understand these strategic dimensions, as one senior auditor (quoted earlier) explained of their initial choice of audit topics:



People will find this an unusual conception of what auditing is—of the auditing process. This is one of the things that green-horns in the office often get wrong. They think that audits arise out of nothing, in a scientific *tabula rasa* kind of way. But that is not how things work.

Instead, audits arose out of information that the auditors gathered from a variety of sources, both formal (attest audit work, government statements, etc.) and informal (conversations, news stories, a sense of 'what was going on').

In the remainder of this section I flesh out the strategic nature of this auditing, and the implications that it had for this audit work. Following my theoretical perspective, I tie together bodies of knowledge underlying this dimension with auditing technologies which they supported. Accordingly, I start by reviewing more conventional professional knowledge, and the way in which auditors viewed this in relation to their own auditing work. I consider the influences of auditors' discussion of systems work in the language of more conventional auditing, and argue that the discursive representation of systems work as simply another, related branch of auditing practice, together with others' apparent acceptance of this representation, effectively extends the domain of auditors' professional expertise, and strengthens accountants' professional claims in this area. Next, I look at the more detailed, organisationally specific knowledge that auditors used in their work—knowledge usually referred to by practitioners as '*knowledge of business*.' I link this to such basic audit practices as information gathering, audit fieldwork, the establishment of audit issues, etc. I review the use of this knowledge in the field, and show how the knowledge and practices underpinning strategic audit activity are themselves linked to particular conceptions of effectiveness in auditing, the next analytical dimension to which I turn.

### *1. Professional Knowledge*

One of the most interesting aspects of this auditing work was that it largely used knowledge other than that now conventionally associated with accounting and auditing. The majority of the Office's staff were qualified chartered

accountants, and had gained their professional membership through mastery of the material required for conventional chartered accountancy (CA) membership. One might expect that their claims to expertise in auditing would rest on this training and subsequent professional development. But consider this assessment of standard chartered accountancy training, offered by a senior audit manager in an interview:

Standard CA training, does it help? Yeah, a little bit it does. But [...] you really need to have powerful analytical skills. You need to have the ability to come to terms with complex issues, rather than just simple things. A lot of people, when we discuss some of these things, they tell me something that's very nice, but it's still at a superficial level. I think it's really, in terms of the skills that you need, unless the person has the ability to relate different pieces of information, has the ability to know what is happening, and fit it in a context, because things can easily be taken out of context, in terms of what you might end up recommending.

[...] A lot of it is through experiences, through mistakes. A lot of it is through my continuing involvement in the health sector. And that sort of contributes to it.

I found this to be a particularly revealing commentary on systems auditing. Note that the auditor distinguishes between the analytical skills he sees as being required for systems auditing, as compared with those for attest work: the systems auditor needs to be able to "come to terms with complex issues," in contrast to what he/she perceives as the simpler requirements of an attest auditor. The manager argues that many auditors discuss systems auditing work at a superficial level—their CA training does not prepare them for the more complex analytical environment that he sees in systems auditing work. Overall, chartered accountancy training is presented as helping "a little bit."

So what is in its place? What do auditors believe they use instead of their professional training, and the knowledge required for professional membership? The auditor points to wider analytical skills, a rather diffuse ability to "relate different pieces of information," "know what is happening, and fit it in a context." In practice, then, auditors are required to gather information from

diverse sources, and fit that with a wider appreciation of activity and context. I examine more specific aspects of the operationalisation of this auditing in considering what practitioners referred to as knowledge of business—generalised knowledge that fits with the audit manager's view that auditors needed to "know what is happening." But for the moment I explore the ramifications of the audit manager's view of systems auditing—a view that my fieldwork suggests is accurate.

In the light of the history of the development of this auditing work the manager's views are most significant. For at the time that these mandates were considered, the justification for auditors being charged with expanded auditing mandates was what was believed to be their special knowledge, their unusual professional dexterity in gathering evidence, and in forming audit opinions. The appeal, then, was to their formal qualifications, to the special expertise that came along with their regular attest auditing practice. And yet here an audit manager disclaims this: chartered accountancy training helps "a little bit," while for him the real professional resources required are quite distinct.

In my fieldwork I found that auditors had developed a distinction between attest and systems auditing work. While attest auditing work was viewed as relatively straightforward (and usually easier), systems auditing work was viewed as diverse, potentially risky, and challenging. Some auditors expressed a preference for systems auditing work, while others found attest auditing more to their liking. All agreed that systems work was a more diffuse, complex process.

This had ramifications in the conduct of these audits, with noticeable influences in staffing. While the Office was the only public sector registered training office for the Institute of Chartered Accountants of Alberta, and employed substantial numbers of chartered accountancy students, these employees were largely uninvolved in systems audit work (their rare involvements were limited to more basic tasks such as data entry, etc.). All of the staff involved in the audits which I studied were at the senior auditor level or above; this was normal for such work. In addition, audit assignments would be carefully matched to individual auditors' abilities. For example, the MIS audit involved understanding a large scale management information system; a

management accountant with special knowledge of government computer systems was assigned to the audit. Similarly, the physicians' audit was widely seen as involving heightened sensitivity within the Department of Health and elsewhere,<sup>3</sup> and so an auditor viewed as having unusually adept diplomacy in client relations conducted most of the fieldwork.

Beyond such obvious differences, it became apparent over my time in the field that these audits involved a wide range of audit activities, approaches and problems. As a consequence, auditors themselves thought of the technologies of systems auditing as being quite different, and as a whole more complex, than those of their attest work. These technologies were seen by auditors themselves as framing their eventual auditing recommendations, as explained in this exchange between myself and a senior audit manager:

**VR** Systems audit as I understand it involves choices each year, and you can draw up a list of interesting potential topics, and within that, once you get to a particular audit, there aren't standardised tests. There may be areas of concern that may be more frequent than others, but the tests aren't the same. You can't just go to last year's file, and you can't just follow a pro-forma statement. Could you elaborate on that?

**Senior Audit Manager** Oh absolutely, I mean, that's really where the thinking power comes in. A good systems auditor would, we come up with those criteria which are driven on the issue. Now what, how do you come up with the issue... those are in essence your programmes, and you need to be pretty sure that they are the ones that will give you the information to build up to the issue, and therefore they relate to the recommendation. In traditional auditing obviously there are the standard menus that you can pull down on, but we don't have the traditional stuff, so that is why, unless you have the skill set, unless you take on other people with skills, you are not going to come up with those things, which in attest would just be an off the shelf package. If I was auditing receivables, I would know what I had to do. If I was auditing inventory, I would know what I had to do, but on this one I'll have to decide.

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<sup>3</sup> For elaboration of individual audits, see earlier discussion in chapter six.



Now on some of the work we've gone through a lot of detail in terms of analysing the data. Simulating the information, coming up with, like, when we did the drugs systems audit<sup>4</sup> we analysed all the drug payments and said what is the average cost, and how does that fit in. In some you don't go to that detailed level because it's, you know, you can say that the issue and the criteria would drive the extent of the work that you do. And they have to be, if they are going to be meaningful, they have to be related to individual entities to that particular issue that you are looking at. Whilst on attest there is a general menu that you can go to.

**VR** Right.

**Senior Audit Manager** There might be some variations based on the particular systems that they have in place. But you have the CICA handbook which gives you all the standards which are already articulated. And here there are none of those things, so that's why it's more challenging, and maybe more fun, because you are really using your intellect more so.

The differences suggested by this exchange centre on an apparent non-standardisation of auditing procedure, associated with the auditor's view of systems audit work occupying a 'higher' and more intellectually demanding level compared to the routines of attest work. While for attest auditing work there were general procedures, packages and check lists, these were unavailable for systems auditing work. In previous analysis of CICA guidelines for such audits, and of the Office's own manuals, it became clear that there were important gaps in these accounts. The senior audit manager quoted above alludes to these gaps, in noting that there is no general menu on which a systems auditor can draw, that important elements of these audits are instead drawn together on a case by case basis, without the standardisation seen in other branches of auditing practice.

Most significantly, auditors tended to suggest that their knowledge of attest auditing was largely peripheral to their abilities to conduct systems auditing work. The knowledge that they found in their professional Institute's handbook and other sources of conventional professional knowledge was mostly unhelpful

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<sup>4</sup> A prior audit regarding the Department of Health's drug costs (Office of the Auditor General of Alberta, 1993).



in systems auditing work. Their own manuals provided some conceptual structure and common language regarding audit issues, criteria, recommendations, etc.,<sup>5</sup> although this tended to be somewhat vaguely articulated in the field. There was, therefore, a gap between auditor's more general claim to expertise in their field, and the conventional professional knowledge available to them.

Yet elements of a more conventional auditing remained; while auditing practices did directly follow those used in attest work, there was a common language used to describe auditing procedures and artifacts. This common language had a number of effects. As a naming scheme, allowing auditors to think about and address their work,<sup>6</sup> it was constitutive, in that it framed efficiency auditing in certain terms. Just as an attest auditor might seek to document persuasive evidence for audit findings, so efficiency auditors tried to generate evidence of particular, legitimate kinds. Chance conversations with departmental officials might be sufficient to start an audit inquiry, but in reporting findings, supportive 'evidence' was drawn from official, established sources. Beyond these more apparent effects, the gap between attest auditing knowledge and systems auditing practice, and auditors' widespread acknowledgment of this gap both in interviews and in their daily work, was effectively denied through use of the language associated with attest work. Auditors organised 'entry' and 'exit' conferences, established files of 'working papers', wrote 'audit memoranda' to each other, held 'audit planning meetings', and conducted 'audit fieldwork' and 'evidence gathering'. They imported the language of attest auditing work to an arena which they themselves thought of as being quite different in character to attest auditing. They used a terminology that suggested levels of standardisation, routine and order that, when questioned by a researcher, they would admit were not apparent.

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<sup>5</sup> This material is reviewed in chapter 4.

<sup>6</sup> McCloskey (1994, see esp. pp. 289–292) points to the role of such naming schemes, wordcraft or rhetoric in facilitating both action and argument. Just as carpenters make use of a vocabulary of mitres, jigs and tenons, so auditors use their own vocabulary to make their work tractable and enable it to be done.

Their use of this language was not a part of some conspiracy to force systems auditing within the confines of more conventional attest auditing work; it was not a collective, conscious decision to present their work as something that they believed it was not. Rather, what we see here is a particular discursive articulation which, while it may appear unremarkable to those practitioners conducting systems auditing work, actually has effects both internally and externally to their Office. This language is powerful because it is used unconsciously, unreflectively, without deliberation; furthermore, it is accepted as apparently fair representation by others (Foucault, 1977a; Foucault, 1978a; Foucault, 1980). This discourse serves to colonise systems auditing, to gloss over auditors' beliefs of differences between it and attest work, and to normalise this practice as an integral element in their work. Thus, rather than being a radically different practice, drawing on knowledge other than that of attest work, this language *normalises* systems work as simply another form of auditing.

This language of systems work as being simply another form of auditing is an enabling discourse. It allows auditors to perform their work, both by enabling them to conceive of their work as being related to attest auditing, a traditional area of auditing in which their professional claims are well accepted, and by presenting their work in this way to others. Power effects circulate within this discourse, as it normalises a novel form of auditing, and suggests shared knowledge and practices between systems and attest work. My argument is that although auditors did not rely on their conventional knowledge base of attest auditing (which allowed them to hold themselves out as 'professional' accountants, appropriately qualified) there was an imputed relation between this socially accepted work and the newer systems auditing work due to the discursive representation of these practices as if they were largely similar. This extension of the discourse of auditing practices effectively extended auditors' competence. It represented systems work as an unremarkable part of auditing practice, making it clear that it *was* auditing, and that it was therefore a part of auditors' practice.

In speaking of systems work as just another form of auditing, accountants present this work as well within their scope of competence. To themselves and their clients they are auditors, possessing special expertise in their field;

representing systems work as systems *auditing* is a way of placing this work within their professional jurisdiction (Abbott, 1988), a way of extending the domain of their professional expertise (Miller & Rose, 1990; Rose & Miller, 1992). This extension is accomplished irrespective of systems auditors' general reliance on knowledge and practices other than those associated with more conventional attest auditing. For systems auditors, one of the most significant residues of conventional attest auditing practices is their legitimacy; in conducting systems work auditors draw on the legitimacy of attest work and extend it to their own field.

Having noted the discursive alliance of systems auditing work with the more specific knowledge and practices of conventional auditing, from which it had largely diverged, I now explore the knowledges and technologies that I observed auditors employing as they conducted systems work. If attest auditing knowledge largely did not ground systems auditing work, what was in its place?

## 2. *Knowledge of Business*

### a. *Informing Strategic Auditing*

One of the most pervasive features of systems auditing work was auditors' construction of, and reliance on, a highly developed environmental knowledge of departments, government and society at large. Following the terminology of their audit manual, auditors used this '*knowledge of business*' to track the normative context in which they worked. This knowledge was fundamental to their work; it enabled auditors to conduct their systems work in a number of important respects. In particular, auditors would decide whether to pursue an audit mindful of their normative context. The conduct of audits and the presentation of recommendations was further influenced by this environment. Auditors recognised the importance of these influences in their work, and carefully maintained their knowledge of business through studying departments, government operations and concerns as a whole, and issues in society at large.

Knowledge of business was closely linked with auditors' particular conceptions of the effectiveness of their work. I explore conceptions of effectiveness in the next section, but for now I note that auditors conceived of the effectiveness of their work in terms of whether their audit recommendations, intended to improve the financial administration of the province (Office of the Auditor General of Alberta, 1991, p. 180), were accepted and implemented. Knowledge of business facilitated auditors' quest for effectiveness. Their audit approach was very much problem oriented, with the idea that there were problems in government administration, and the objective of highlighting these to ensure that corrective action was taken. On one level knowledge of business facilitated this search for problems by providing a heightened organisational awareness, a facility with client affairs. But once these issues were identified, the influence of knowledge of business continued.

In elaborating auditors' use of knowledge of business I contrast this approach with more formal statements of auditing procedures; I also refer back to certain of the links between this knowledge and auditing manuals and guidelines. I review the influence of auditors' reliance on knowledge of business in terms of their day to day auditing activity, with attention to the kinds of meetings, fieldwork, audit tests and working papers that they used. I examine auditors' own descriptions of the role of knowledge of business, and consider examples of their use of this knowledge in the field. A summary concludes this analysis and links it to my next topic, a review of auditors' conceptions of effectiveness, a key guide to their conduct of audits and effective construction of efficiency.

#### *b. Knowledge for Auditors*

It was clear that for auditors the apparent complexity of their systems auditing work led them to seek out a series of guides to behaviour. Their use of knowledge of business to guide auditing activity was, in this light, a response to the perceived complexity of their environment. Knowledge was in this sense technological, enabling auditing activity to take place through making auditing problems tractable. Consider this comment from an auditor working on the subsidies audit, considering systems auditing practice as a whole:

**Auditor** [...] we have office policy with regards to our suggested approach for systems, you know obviously you have to have the work approved and what not. I think though that in a lot of cases we have to come up with the recommendation, know what the bloody recommendation is going to be to a certain extent. Because you know a guy can flounder around forever in some of these things. What's the main issues, the subordinate issues? There's criteria, this stuff... But the bottom line is, "what's the recommendation for improvement?" Is there a recommendation for improvement or isn't there? And everything I think leads up to getting to that point, whether you happen to follow through those particular steps [in the manual] or not..

[...] there is of course, as I mentioned, the issue memorandum that goes through, gets signed, approved, da da, da da, da da. Fieldwork commences, you know, you have the knowledge of business phase, do we have an issue, is it an audit issue or just an issue? Etc. But yeah, you know, quite rightly, we have time constraints, so that's what we're looking at now. What is the recommendation that we're going to have, are we going to have one? Bearing that in mind... You see that does help to a certain extent—like with me whipping this, I shouldn't say whipping it up, but jogging my brain and trying to assimilate this stuff, it gives me an idea of what information I am lacking.

**VR** Right.

**Auditor** Where I, where I don't have sufficient information. When I'm looking at the end, I'm recommending this. This is the background, here are some of the details for the recommendation, that caused the recommendation to arise. Ehm, so obviously I'm going to have information in there, now if I don't have adequate details on that information I'm going to go back, and that's one of the things I'm going to get. So then that's what I'm doing now. It's not going to work as you see it in the manual, you know, that you should have this, this and this.

The auditor summarises a number of my themes in analysing knowledge of business, the role that it plays in facilitating audit activity, and the contrast between the use of this knowledge and certain of the formal procedures outlined in the audit manual. In particular, knowledge of business supports a strategic auditing, in which auditors conceive of audit outcomes, i.e., potential



audit recommendations, and then work *purposively* towards making those recommendations. Rather than an ongoing process of discovery, this auditing often relies on pre-existing knowledge, as the auditor suggests in noting the facilitative nature of knowledge of business (this knowledge forms the background for auditing activity, and "caused the recommendation to arise"). Knowledge of business and the strategic approach which it supports is useful to auditors because it makes otherwise complex problems empirically tractable: in the face of time constraints the alternative is to "flounder around" forever. The more directed approach of strategic auditing allows auditors to proceed more directly, asking "what is the recommendation for improvement," and then working towards that recommendation. Manuals, guides and other more formal statements are viewed as heading in this same direction, "whether you happen to follow through those particular steps or not." In any event, "It's not going to work as you see it in the manual."

*c. Formal Audit Practice and Knowledge of Business*

I now pursue certain of these differences between formal audit practice, as espoused in manuals, guidelines and other technical documents, and the practices that I observed in the field. It is significant to note that although standard procedures have to some extent been developed,<sup>7</sup> auditors would tend more to use the language of these procedures as a common reference point, rather than maintaining a detailed adherence to their substance. In audit planning meetings, for example, auditors would speak somewhat heuristically of the nature of the audit, and a search for audit issues. Auditors candidly admitted that there were very significant differences between many of their audits, and that this meant that standardised approaches did not provide a reliable means of conducting their work.

This came through in the conduct of their audits, and the work that they recorded in their working papers. The MIS audit, already seen as a logistically

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<sup>7</sup> See earlier discussion in chapter four regarding these publications, their extent and their limitations.

complex audit, involved large numbers of meetings. As a consequence the working papers contained an accumulation of meeting notes, and auditors' compilation of questions for departmental officials. There were also successive drafts of report material in which potential recommendations were outlined together with supporting text, appearing in much the same way that they might in the Office's annual report. By contrast the physicians' audit involved only a few meetings with the depart, and was initiated more through knowledge of accumulated liabilities to physicians gained in attest audit work. As a consequence the working papers included formal notes from only one meeting, together with notes of a telephone conversation: a first draft of the recommendation was rapidly prepared.

In the course of my research it became clear that the existence of papers in a file was no sure guide to their significance in the conduct of an audit. The subsidies audit working papers included copies of numerous Alberta statutes providing for healthcare premium subsidies; however, this knowledge was only a formal background to the audit. As the auditor conducting this work suggested above, prior knowledge regarding premium subsidies had "caused the recommendation to arise"; the copies of Alberta statutes, financial analyses and similar provided support to this initial conception.

In the audits as a whole hardly any of the audit working papers resembled the 'T' accounts, financial accounting analyses, checklists and schedules associated with attest auditing work (Buttery et al., 1993; Turley & Cooper, 1991); discussions of such detail, and even of more abstract policies such as revenue recognition, or the determination of liabilities, was largely relegated to attest work. Instead, systems auditors gathered organisational knowledge regarding departmental policy and intent. The formal aspects of this could be written down and analysed in working papers. But many of the more significant influences in this auditing did not appear in working papers. Knowledge of business was significant in the establishment and pursuit of auditing tasks, but was largely unrecorded in conventional terms. Rather than being a part of written records, knowledge of business often gained its significance from its incorporation into auditors' collective memory. As has previously been suggested, what is incorporated into collective memory as it appears in

discursive formations is particularly significant in attempting to track a deployment of knowledge and practice (Foucault, 1991, pp. 59–60).

For auditors, knowledge of business mapped out the organisational reality within which their work had to occur. This had consequences for the kinds of recommendations that it was possible for them to make. As a senior audit manager remarked, an audit might suggest:

that, yeah, you have people signing things three times because that's what a good control system asks you to do. [...] Like I learned a lot of it through bitter experiences, a lot of this is because you go to a client and they say, [...] it doesn't make any sense. Here is the real world, you're not in the real world. And so that's the kind of thing.

The auditing environment influenced more than an auditor's unwillingness to suggest a stylised, 'textbook' system of accounting control (signing things three times). It called for a different mode of auditing, and a shared sensitivity as to what it was possible to recommend. Knowledge of business was the key to auditors' understanding of their wider social and normative environment. To auditors the power of this environment was self-evident. They invested significant amounts of time studying it. Of course, a great deal of information was gathered through conversations, contacts with departmental officials, and a general knowledge of 'what was going on.' But besides this there were a variety of formal and informal procedures: Hansard, the record of Legislative proceedings, was mandatory reading for all senior auditors, and local news outlets were carefully studied (indeed, newspaper stories had significant effects on two of the three audits studied). Though this knowledge was said to aid attest work as well, all 'knowledge of business' work was charged against systems work in the Office's internal control statements; scanning the environment was a cost of doing efficiency audit work.

The influence of knowledge of business, and the strategic auditing that it supported, was experienced at a number of levels. Auditors attended to social contexts at the levels of individual departments, government as a whole and society at large. In terms of individual departments, auditors had developed

general knowledge and beliefs regarding such entities as the Department of Health, and their modes of operation. One senior auditor would speak of a client department's 'maturity' in terms of the kinds of recommendations which could be made, and which the client would understand and follow through on. More complex recommendations demanding greater maturity could be made, but if they were ignored they would ultimately be ineffective. The result was a tailoring of recommendations to individual clients' perceived 'maturity' in financial administration. The Department of Health was seen as an advanced department, eager to develop new ideas and management approaches, but with a related tendency to "get ahead of themselves," as one senior auditor put it. One consequence of this was more detailed scrutiny of the implementation and results of the department's new management projects, such as the MIS project. More detailed knowledge of departmental personnel and practices further informed audit conduct, approach and eventual recommendations. I address this shortly in considering the effects of knowledge of business and strategic auditing on the establishment and conduct of audits.

Auditors' knowledge of business also operated at the more general level of overall government policy. The audits which I followed were conducted in a time of significant public debate regarding government deficits, with an ambitious government plan to balance the budget through major spending reductions.<sup>8</sup> This background brought out interesting dimensions of audit strategies. Auditors universally referred to the environment as a 'climate of restraint', and would sometimes refer to 'what had to be done,' and other imperatives. Yet at others they would voice their concerns that decisions might be made with inadequate consideration, that appropriate management information was not available to guide government action, and that inadequate consideration of the consequences of action could produce unforeseen failures. Such issues would, for example, ground recommendations addressing whether management had appropriate information to measure the impact of proposed health cuts (Office of the Auditor General of Alberta, 1994, pp. 123-131). The audits were not a capitulation to the ideals of the present. Instead, auditors were

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<sup>8</sup> See earlier discussion in chapter six.



tailoring their recommendations to the environment in which they found themselves, believing, as one auditor expressed it, that an attainable 'Chevrolet' recommendation was better than overly ambitious attempts for 'Cadillac' improvement.

Like any other professionals, auditors operated in the social world. As such, they drew on their wider social knowledge, as did client departments and others in dealing with the auditors. This interaction of practitioners' knowledge of 'everyday life' was a significant influence (Hopwood, 1994).<sup>9</sup> Just through going about their daily business as citizens, they developed wider knowledge of society, and of the norms and ideals of the present. Auditors' immersion in society, exposure to news media, etc., and their sense of what others might say in social or professional gatherings all incorporated them into wider discourse surrounding more general social aspirations, expectations and ideals. At one level this exposure is unremarkable, commonplace or obvious: of course professionals of all types experience this exposure. But for public auditors, charged with reporting on matters of wider political significance and social concern, this exposure became an auditing resource. Auditors used their knowledge of wider discourse in thinking of potential audit topics, in conducting their audits, and in developing recommendations. Consider, for example, an auditor's comments regarding the subsidies audit,

Of course these things depend on the environment. I mean a few years ago, with \$20m here or \$40m there, the gravy train was still rolling, and no-one

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<sup>9</sup> Hopwood alludes to such interactions in arguing that just as accounting has come to be seen as a pervasive and highly generalised technology, capable of contributing to a wide range of organisations and socio-economic processes, accounting is itself intimately linked with society at large, "Implicit in this social transformation of accounting is a complex and reciprocal relationship with the practices and processes of that everyday life. Just as the techniques and terminologies of accounting have permeated into the wider social functioning, so too the operation of accounting and the claims that are made on its behalf are infused and shaped by a multitude of everyday features of the world in which we live, many of which are seemingly distant from the techniques of the accounting craft" (Hopwood, 1994).



would give a damn about this stuff. So our audit objectives have altered from that—we're aware of what will play, of what people are concerned about.

The auditor him/herself placed great stress on careful surveying of newspapers, watching television coverage of Legislature debates to monitor political topics, and more generally developing and using this wider knowledge of contemporary discursive fields—of the markers which delineated whether an audit touched wider issues of concern. Knowledge of business informed a strategic approach to auditing work throughout its conduct. Notably, this knowledge could establish the conditions of possibility that allowed an audit to take place, it could foreclose or change the course of an audit, and could have quite profound influence on audit recommendations.

The MIS audit, for example, was grounded in detailed knowledge of business at the departmental level. Auditors spoke of the size of the system, its complexity and its importance to the department. As one senior auditor remarked:

we had been talking about it [MIS] for a long time, ever since we have started some systems auditing in the Department. Because they have these national guidelines which they have implemented, and this has taken a fair bit of time to implement.<sup>10</sup> And there are still discussions going on as to what is—we're not getting quality data, we are getting inconsistent information and so on, so really what, it's not something that we suddenly woke up and decided, "hey let's look at MIS." We did an initial review many years ago, and we got some information from the Department at that time. This is a massive information system within the hospital sector, and its got reams and reams of documentation, but we're not sure whether that information, whether that data is going to translate into information, and if it translates into information, for what will it be used.

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<sup>10</sup> The Department of Health's MIS system had been developed in response to the Federal Government of Canada's MIS guidelines, intended to facilitate the codification and comparison of medical costs (see earlier discussion in chapter six).

Initial knowledge of the department's operation, its administrative commitments, and the scale of the MIS system, set the scene for an audit of the MIS project. It established the conditions for the audit to take place. But compare this relatively straightforward and expected application of knowledge of business to the strategies that are alluded to in the following exchange, which took place in an audit planning meeting regarding the physicians' audit:

**Senior Auditor 1:** What we're getting at is a need to fundamentally review the way that physicians are compensated. There are things in process that may go that way—not the capping, but moving away from fee for service. We have some important things to say [...]

**Auditor:** There's a very confidential three year plan to re-design health—it is being presented to the premier soon. Leonard [senior health official] says we should replace fee for service [...]. He says we are working on this and maybe you guys should have been on the boat then.

**Senior Auditor 2:** We couldn't have talked about fee for service then.

**Senior Auditor 1:** No, it would not have been strategically wise—it would have been impossible to say that then.

It is important to understand what is happening here. In considering their work on an audit, auditors make it clear that they would not have pursued the audit previously because of the normative environment of the time. This normative climate would have been so hostile to an examination of physician payments that an examination of these issues “would not have been strategically wise”. In their planning meeting, then, the auditors indicate that knowledge of business, and of the allowable discourses of the day, effectively mapped out the range of what it was possible for auditors to recommend.

This had important effects in the operationalisation of efficiency auditing, and in the eventual outcomes of this work. Besides providing the conditions of possibility for the establishment or foreclosure of an audit (as seen above), knowledge of business informed auditors' strategic approach such that audits might be significantly altered over their course. Similarly, the construction of audit recommendations was heavily influenced by auditors' perceptions of the normative environment in which they acted. Auditors appreciated the power of

the discursive fields surrounding their work. As a consequence, they invested significantly in gathering knowledge of this environment, and used such knowledge throughout their purposive approach to systems auditing.

This activity has important influences on the work that these auditors conducted, and on their recommendations, the product of their work. In particular, it becomes apparent that auditor's judgments regarding the efficiency, economy, effectiveness or otherwise of government activity are not a direct product of abstract calculation, nor are they dependent on a broader knowledge of economic theory, more conventional accountancy training, etc. These were not dispassionate judgments, made by people held above wider social norms. Rather, audits were influenced from start to finish by wider discursive articulations of the normative concerns of the day. Audit recommendations were socially embedded.

The strategic auditing that I have mapped out has consequences for our views of the 'efficiency' that this work represented; I consider these in later analysis. It also presents us with analytical questions of the ways in which auditors construed the social world which they attended to so diligently. Were there guides, benchmarks or other regularities which governed auditor's interpretation and analysis of the social world around them? I believe that there were; in the next sections I elaborate auditors' recurrent concerns with effectiveness and accountability. I consider the influence of these concerns in constructing a view of the criteria of the auditor's mandate: economy, efficiency and effectiveness.

### *3. Effectiveness*

The idea of effectiveness underlay much of the auditor's work. Just as there are multiple conceptions of efficiency, however, effectiveness may similarly be conceived of over a range of meaning. In the field, however, I found a remarkable coalescence of opinion among auditors as to what effectiveness meant to them. This climate of opinion had important influences in their work.

Effectiveness was tied closely to the Office's mission statement, a statement which was well integrated into the normative structure of the Office. Auditors

would frequently cite the mission statement as a justification for their action, or as a guide in discussion in audit planning meetings. The statement itself was succinct:

The mission of the Office of the Auditor General of Alberta is to add credibility to the government's financial reporting and to improve the financial administration of the Province. (Office of the Auditor General of Alberta, 1994, p. 180)

Attest auditing was understood to satisfy the first half of the mission, a recognisable commitment to adding credibility to financial reports. Systems auditing was aimed at satisfying the second part of this statement, to "improve the financial administration of the Province," a consensus that was reflected both in the field, and in the Auditor General's annual report material, which elaborated and explained this mission. Significantly, this material points to certain particularities of the conception of effectiveness in the field:

The recommendations that arise from this systems auditing, and from financial statement audits, are designed to promote economy and efficiency, and improve reporting. I believe my job is to make recommendations to improve systems so that decision makers are provided with reliable and relevant information.

*The change brought about by the successful implementation of these recommendations improves the financial administration of the Province.* (Office of the Auditor General of Alberta, 1994, p. 181, emphasis added)

For a recommendation to be effective, then, in the sense that the Auditor General's report suggests, it must be accepted and implemented. This statement matches ideas which I found auditors relying on in the field. Recommendations and audits were seen as ineffective if they did not lead to action. Knowledge of the normative environment, and in particular knowledge of what others might accept, conditioned what auditors believed to be worthwhile, with worth usually equated to acceptance and action. This is demonstrated by this interchange with a senior auditor:



**Senior Auditor:** If you [the auditors] were talking about restructuring the health system a few years ago, you would not have had any success. Now you will have success. If you are talking about the salary restraint program, whatever, it depends on the context, and so therefore you have to be aware of the reality.

**VR:** Success is a recommendation that helps further the administration of the province.

**Senior Auditor:** Absolutely.

**VR:** That is in fact accepted, put into practice.

**Senior Auditor:** Right, I mean to us unless something is, you know, we have to draw a line in terms of long term things that you realise you really have to keep on measuring, like the pensions issue,<sup>11</sup> until it happens. So it's kind of a hard rock, and you're trying to make it fertile. It's real hard work to do that, so it's a long term view.<sup>12</sup> But there are other views as well, [...] I suppose the analogy is a clock which is not working, but it's right two times a day. Would you have that or a clock which is running five minutes late? You know, [...] it might not be the Cadillac, but, whatever, Chevy, whatever, it is effective in terms of what it does. So what we want is something that is going to be effective. And the type of recommendations that were made in the Auditor General's report this year,<sup>13</sup> if they had been made before, they would just have had no impact...

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<sup>11</sup> The Office of the Auditor General had made a series of recommendations that the government address unfunded liabilities in the pension plans of public sector employees, estimated in 1992 to be some \$6,000m (Office of the Auditor General of Alberta, 1992a, p. 7). The government subsequently began to re-negotiate with employees in order to revise contributions to these plans and address this liability.

<sup>12</sup> It seems that some audits would result in a series of discussions, and yearly recommendations for change, until change was forthcoming. This study focuses on one set of audits in one year; it does not include the longitudinal analysis that would be required to follow auditors' apparent attempts to "make it fertile."

<sup>13</sup> A series of demanding recommendations, including calls for consolidated budgets and further effectiveness reporting, had been made in that year's Auditor General Report (Office of the Auditor General of Alberta, 1993) which had been released in an election year. The government's financial competence had been seriously questioned in the light of rising deficits and the failures of government attempts to diversify the provincial economy. The



VR: Right.

**Senior Auditor:** So you need to be cognisant of what the context is. You need to be cognisant of the... realities that drive,.. I mean people drive the, you know, I mean, it doesn't matter how good you are. So, yeah, so the pointer I use is whether they are going to be effective or not.

This conception of effectiveness was a central guide in the auditor's work. It operated both in terms of the wider environment, and in terms of specific, local knowledge of departmental personnel and practices. It is important to consider the influences of this particular conception of effectiveness. It was clear to auditors themselves that they were not making a 'Cadillac' recommendation; theirs was a 'Chevrolet' solution. They recognised that the efficiency that they reported was not of an absolute, publish and be damned variety. Rather, the efficiency that they attended to was tied to the social climate of the time. Certain recommendations might simply not be made in a certain climate, for fear that they would not be adopted, and might sour client relations (as is witnessed by earlier quotes regarding physician payment systems, and auditors belief that to question these some years earlier "would not have been strategically wise"). Still other recommendations would be carefully phrased and prepared so as to appeal to popular or local discourse, regarding, for example, contemporary government policy, popular management literature or ideas known to be in play locally, within client departments.

This tailoring of recommendations was clearly understood by auditors themselves. It was significantly influenced by their conceptions of effectiveness. These were fundamental concerns in auditors daily work. Furthermore, they

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most prominent failure had been the collapse of NovAtel, a cellular phone company, which resulted in a conservatively estimated loss of some \$544 million. The government had requested a report into the issue from the Auditor General. The eventual report (Office of the Auditor General of Alberta, 1992b) found governance irregularities in NovAtel were symptomatic of those in a variety of government agencies and called, amongst other things, for board appointments to be made on merit rather than patronage, a recommendation which the government seemed to accept, under significant political pressure.

influenced the way in which audit findings were communicated. At an early stage in the MIS audit, for example, an auditor spoke of the remainder of the audit as being a process of "gathering evidence to support the recommendation." The auditor further argued that,

To be successful, and to have the recommendation adopted, you have to come up with numbers, these are far more convincing than generic opinion. I will get contacts for magnetic media,<sup>14</sup> and test the data for anomalies and errors.

In this way the gathering and audit testing of data was predicated on a need for persuasive numbers. Later, the same auditor spoke in an audit planning meeting of the prospect of using computer audit software, an area in which the Office had developed significant expertise. The auditor introduced the idea of using computer audit software, first speaking of it in purely technical terms, and then explaining that the data would not particularly be used in a process of discovery or invention, rather it would be used to *illustrate* recommendations to the Department using the Department's own data. The 'data' and the testing was useful because of its rhetorical powers, and a belief that information could be found to support a recommendation, as the auditor remarked:

once we get the issue confirmed and what we want to do, we'll say that, given that, what information do we need to convince management that in fact they need to change?

Thus such seemingly abstract technologies as computer auditing were themselves envisaged as part of a wider approach to the production of a persuasive and ultimately 'effective' recommendation.<sup>15</sup>

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<sup>14</sup> The Office had significant computer resources, and auditors were able to download data files from client departments to their own machines for later analysis. In this case, magnetic media (computer tapes) were available.

<sup>15</sup> As the MIS audit developed, it became apparent that computer auditing would not be used. The auditor noted in a research interview that examination of committee minutes and

The communication of audit findings was attended to with great care, since the phrasing of a recommendation was seen by auditors as another potential area in which to enhance the prospect of acceptance, enactment and hence effectiveness. This produced great attentiveness in the development of recommendations; meaning and rhetoric were both attended to in detail in a series of meetings in which draft recommendations were edited word by word. As one auditor expressed it to a colleague, "We need to communicate a message." To illustrate the detail of this consideration, and the specific inflections in meaning that were purposively introduced by the auditors as they worked, I now reproduce my notes from one of these editing meetings. These notes are drawn from a meeting to edit the material surrounding the MIS audit recommendations. In the following notes quotations of auditors' comments are interspersed with my observations of their activities in editing recommendations.

**Audit Manager (AM):** I don't think there are any specific guidelines.

**Senior Audit Manager (SAM):** {Explaining to me} We want to put MIS in context to say that really you are receiving all this information.

[Substitutes 'monitor' for 'evaluate' hospital performance, p. 4]

**AM:** When you see the numbers even the nursing cost doesn't make sense.

**SAM:** We need to have something here to say why.

[Types: 'due to the long period of implementation']

We're really saying that you missed the boat because the hospitals have changed or the infrastructure has changed.

[Adds, 'for example \*\*\*\*Hospital X,'<sup>16</sup> p. 4]

We're covering a fair bit of stuff on MIS which leads me to say why don't you bullet it, and show it under headings?

[Types: 'Problems:

- Period
- Data Quality
- Lack of program definition
- Dynamic Nature']

It's changing all the time.

AM: Actually that's another point, the fact that with the reduction in the budget the availability of resources to do this is changing.

SAM: This is a different point.

AM: No it isn't...

[Moves recommendation up to the top.]

[Text Reads: 'The Department will not use data until .... 1994/95'.]

SAM: We have to be careful because that assumes it is used. But based on the data quality [...] based on what we know they are unlikely to be able to use this data.

[...]

SAM: [Text Reads: 'Hospitals are not using information for decision-making.']

We have no evidence. We have to say they are unlikely to use the information. They might be using it, but its unlikely to influence decision making.

We just want to make sure we communicate that message, and that its the right message that's communicated.

[Edits text.]

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investigation of matters through interviews with departmental officials accounted for the bulk of his work, and speculated that this was due to the more 'macro' level that the audit had taken, focusing more on the overall goals of the system and its capacity to meet them. As an increasingly 'higher level' audit, it had moved further away from what were seen as more mundane, 'book-keeping' issues.

<sup>16</sup> A major hospital in the City of Edmonton.

We're trying to break it down, and the message is look at it, how long have they been doing this? We're talking about six or seven years, and you're still not at a level... Shall we talk about global and specific levels here?

AM: We already have. Does the quality of data relate to...

SAM: Cross-mapping, I think that's the problem.

[Text Reads 'Department staff have experienced problems in collating hospital data.']

We need to say that they are having problems in collecting the data.

I think what we need to do is communicate the message that the whole reason for MIS was that it's consistent.

AM: And timely.

SAM: [Types: 'Moreover even the data that does pass through the edit checks has significant inconsistencies. The rationale for receiving information under MIS was to get consistency.']

Timeliness can be another issue. Let's focus on consistency.

[ {deletes: 'consistency'} Types: 'consistent information from different hospitals to assist in comparisons and facilitate decision making.']

We want to get the message across.

AM: We've still got these other two.

SAM: No, I think the data quality is suffering because of the gap in expectations, and we need to get that through.

AM: OK

SAM: [Typing, paragraph starts: 'This gap in expectation of the main users of information is impacting the quality of the data provided.']

So that covers data quality, right?—or tries to!

SAM: I don't know if we want to make a big issue of the timely stuff. We can use it to reinforce things.

[types, 'Further, the timeliness of the data also...']

We have to be careful drawing a conclusion based on that.

AM: If its important to the hospital, then it'll be on time.

[types, 'indicating that the data is not used by the hospitals.']

SAM: We have to be careful, because they can say its something else. Perhaps suggesting—we can polish it up later

What about the ambulatory care part of the MIS guidelines. Are there programs to...

AM: The fact that they are submitting data indicates that there's guidelines for it.



SAM: [Types, 'Lack of Program Definition', and following paragraph.]

I think you read my mind.

AM: Maybe not.

SAM: We were doing some major stuff [...]

[Both auditors looking at heading 'Hospital Restructuring']

Restructuring, re-engineering, re-inventing, these are the words involved, eh?

AM: Right-sizing.

[...]

AM: What about the team re-organisation at the University of Alberta Hospitals, and how that would affect it?

SAM: [Types heading, 'Costing Methods.']

What is the premise under which MIS guidelines were developed? Is it all centralised?

AM: MIS is based on functional centres. The fellow at the University of Alberta would take all of the costs and labs and divide one by the other, and that's what they would charge.

SAM: Even in our Office when the costing proposal is around teams, there'll be different costs.

AM: How do I confirm this?

SAM: Call somebody at Hospital Y.<sup>17</sup>

The University Hospitals are using information for different purposes, they're saying we'll use this and you use this other information for your different purposes.

The MIS thing [...] is not making a difference in terms of costs.

We have to make this a loud message that this is costing you a bundle and that you're not going to get what you want—that there is no pot of gold at the end of the rainbow.

AM: We're really focusing in now on MIS.

Their programs are anything from youth shelters to drugs for aids.

[...]

SAM: They're really in the dark.

It's like a manufacturer making a product without thinking of the consumer. It won't work.

AM: I'll polish part three up myself.

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<sup>17</sup> A major hospital in the City of Calgary.

The only thing I'm struggling with now is the two follow up points, and what we're going to do with them.

SAM: I don't know, I don't know where they relate.

Is that a direction... do you feel comfortable with this?

AM: Yes, what is the recommendation though?

SAM: That they review their information—let's be more specific on MIS, they could review—let's say that the Department should decide if this will provide the information that they need. [...]

AM: We could link it to the role statements [...]

SAM: We could look at the role statements speech that Betkowski<sup>18</sup> gave to see how she sees it going.

[...]

SAM: [...] If this was important then it would have been ready much sooner. That it isn't, and that hospitals aren't committed, suggests fairly fundamental problems.

AM: [...] They [i.e., the Department] collect information without a clear understanding of what they want.

A number of streams of discourse influenced the interpretations that are seen in this meeting. Effectiveness is a major theme, attended to as auditors focus in detail on the communication of their report material. In some ways this focus was much like that of other authors, trying to express themselves as clearly as is possible. But this communication is significant because of its purposiveness, understood at the time of its development by its authors. The auditors approach their work with the aim of increasing the effectiveness of their recommendations. The particularities of their conception of effectiveness lead them to consider how the recommendations might be made as persuasive as possible, so as to enhance acceptance and enactment. It is for this reason that the auditors speak of the importance of communication:

SAM We just want to make sure that we communicate a message, and that its the right message that is communicated.

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<sup>18</sup> A reference to Ms. Nancy Betkowski, a former Alberta Minister of Health.

Of course, the meeting indicates some uncertainty in the development of audit recommendations. The discussion shows the recommendations at a somewhat nascent stage; although they had been pursued fairly purposively over the investigative stage of the audit, the meaning of recommendations could be significantly altered in the detail of their expression (as the auditors seemed to be aware). In the presentation of their recommendations to management, however, it was important that any suggestion of uncertainty be erased: the auditors' activity is oriented to acceptance and enactment of recommendations, and hence confirming their work as effective. We can see elements of the tailoring process that this involves, as auditors work with the language of contemporary popular management literature. Osborne and Gaebler's (1992) work on 'reinventing' government was much cited in Alberta, and elsewhere, at the time. A series of similar terms focused on popular management concerns for reform in practice: auditors were aware of these appeals, and deployed these in the text of their recommendations. The appeal may have been self-consciously made, with some elements of irony, but it was clearly purposive: the language of this literature was used to promote the auditors' recommendations as a modern and attractive approach to management:

SAM Restructuring, re-engineering, re-inventing, these are the words involved, eh?

AM Right-sizing.

I would point to the simultaneous operation of the various aspects of the deployment that I outline here. As noted earlier, it is analytically interesting to strip out dimensions of the deployment, and to analyse each in turn. But in the field these discursive representations and the practices that they supported acted in conjunction with each other. Thus in the editing session above, we witness audit behaviour that draws on these guides. Significantly, the strategies of this auditing are shown directly as auditors speak overall of what they are trying to achieve in their recommendation. Their reports are not a dispassionate, uninterested account of activity in the world; nor do auditors understand them

as such. Rather, the report material is itself a key element in the auditors' strategic pursuit of change, as they themselves make clear:

**SAM** The MIS thing [...] is not making a difference in terms of costs.

We have to make this a loud message that this is costing you a bundle and that you're not going to get what you want—that there is no pot of gold at the end of the rainbow.

**AM** We're really focusing in now on MIS.

Their programs are anything from youth shelters to drugs for aids.

[...]

**SAM** They're really in the dark.

It's like a manufacturer making a product without thinking of the consumer. It won't work.

This purposive approach to auditing is again seen to rely on auditors' detailed knowledge of their client departments' affairs, the interests of senior Departmental officials, and the more general normative environment. The recommendations considered in relation to MIS were themselves built upon a more general impression of the history and character of the Department, as auditors themselves interpreted it. This more general knowledge set the scene for the recommendations that auditors would eventually make, as one auditor commented, "They collect information without a clear understanding of what they want."

The technological aspects of knowledge of business and other dimensions of the deployment may be seen at this point. These elements provide the normative base on which audit recommendations are grounded. They facilitate the kind of internal office consensus that audit recommendations represent. They guide auditors as they audit purposively, tailoring their recommendations for acceptance, and they inform auditors as to those recommendations most likely to be 'effective'. Knowledge of business, strategic auditing, effectiveness and other dimensions of the deployment are not discrete elements in a linear process. Rather, they infused the auditing process as a whole; providing important means by which auditors comprehended the world, and understood and conducted the practice of auditing.

#### *4. Accountability*

Conceptions of accountability acted as a significant guide to practice; these conceptions offer a window for more detailed analysis and illustration of the relations surrounding auditing work. We should remember that accountability was a key concern in the development of political rationalities regarding auditing in the 1970s, and that accountability remained as a significant political concern in framing specific programmes of action. When the Auditor General Act was introduced it was spoken of by the then Provincial Treasurer as being "of great importance and very significant benefit to all people of Alberta" (Alberta Hansard, 26 October 1977, p. 1693). The Treasurer explained this importance in the following terms:

Essentially, [...] it provides the means for improving the accountability of the government, not only to this Assembly, but to the people of Alberta, with respect to the collection, management and use of the people's funds. (Alberta Hansard, 26 October 1977, p. 1693)<sup>19</sup>

At an early stage, then, Alberta's reform of public sector auditing mandates was understood as a means of enhanced accountability, well before present concerns with accountability issues reached their current prominence (Power, 1994a). The problems of governmentality, and the obstacles that administrative solutions face in their operationalisation, lead us away from an expectation of a directly successful mapping from a desire for accountability to actual accountability. Plans, proposal and other elements of the programmatic may eventually fail, or prove to be flawed. The frequency with which such failings occur, points to one of the curiosities of governmentality. The problematisations that propel fresh attempts at reform or betterment of

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<sup>19</sup> This argument, though intended to support efficiency auditing, could be applied to all prior provincial Acts concerning financial management. The ambiguity of such goals as improvement in 'accountability,' 'management,' and 'use' allows for a coalescence of support, without a clear indication of eventual outcomes (Hopwood, 1988c)



governmental systems *continue* in the face of their predecessors' apparently congenital failure (Miller & Rose, 1990; Rose & Miller, 1992).

At this point, I track ideas and practices regarding accountability, as I understood them to operate in the field. Accountability enjoyed continued prominence in the minds of auditors, as one senior auditor put it, "everything we do here is about accountability." But the specific operation of ideas and practices regarding accountability was significantly divergent from the conceptions presented by politicians in the 1970s. Accountability in the 1990s operated at multiple levels; it was a reflexive concern, with actors at one level feeling pressures of accountability to others, with auditing reports, actions and plans fostering a variety of interacting views of accountability. There was no one site for accountability, no one standard by which accountability might be understood. Instead a variety of conceptions came together and influenced action. Accountability was an idea subject to ongoing revision and development.

What I address here, then, is a more specific dimension of the deployment surrounding auditing activity. I use this specificity to further attend to a concern both with potentially systematic patterns of effects and intentions, and with the day to day calculations, confusions, actions and inactions which are part of organizational life (Cohen et al., 1972). I use accountability to further explore ways in which this combination is compounded by interactions at various levels both within and between constituencies.

In the remainder of this section I address auditors' conceptions of their reports in terms of accountability, and present particular examples of accountability as auditors understood it operating for their clients. I then examine the reciprocity of accountability relations, including the double accountability that auditors believed was held within their reports. Auditors understood these documents to be reports both on their clients' activities and on their own. In section c., 'Shifting Accountability,' I explore developments in government's conceptions of accountability, and link these to the Office of the Auditor General's previous discussions of the subject and so explore the mutual constitution of that organisation and its environment. Re-adjustments and

shifts in approaches to accountability are understood as part of the shifting nature of the deployment surrounding efficiency auditing.

*a. Accountability in the Field*

The centrality that auditors accorded accountability was manifested in a number of ways. Ideas of accountability would guide auditors as they composed strategies towards audit recommendations. For example, in a planning meeting held at an early stage in the MIS audit the senior auditor conducting the audit would speak of the purpose of the audit in terms of accountability for quality and cost of medical care. Earlier, the auditor had read an article regarding healthcare that had been circulated by a colleague, prompting the following interpretation:

[the article] talked about who is accountable for quality and cost of care, and you get the feeling in this article that physicians should be ultimately accountable, and I think what we are trying to say here, [...] is that the Department is ultimate accountable for the quality and cost of care, and if it is accountable it must know about the programs and their cost...

Concerns with accountability informed the direction of auditing inquiry. On one level auditors understood their reports as producing accountability through example; one auditor would talk of particular report material as a "story which had to be told" for accountability's sake, the idea being that auditors could use their access to government operations to bring aspects of these operations into full public view. Auditors understood their power to make things visible, and were careful to manage this. The subsidies audit, for example, highlighted the costs of providing premium free health insurance to welfare recipients, senior citizens, and others. Ultimately the auditors believed that there should be full disclosure of the costs of these programmes, hitherto buried in notes to the Department of Health's financial statements (published separately to the Public Accounts), and other documents. One auditor addressed accountability in terms of these programmes:

There may be some inequities here. This is legislation, so we want to steer away from that, but our intent is to provide information to decision makers so that prudent decisions can be made.

The auditor, then, was well aware of the power of auditing and accounting activity to make things visible (Burchell et al., 1985), and so bring attention to issues without directly prescribing action. Of course, in the context of an attempt to reduce government expenditures by 20%, revelation of the full financial costs of such programmes would be more likely to promote their reduction, a probability of which the auditors were aware. In this and other attempts to avoid prescription while effecting change, auditors engaged in a difficult and sometimes contradictory process of mediation (Cooper et al., 1981; March & Olsen, 1976).

I consider some of these difficulties in examining ongoing discussions regarding accountability in government. The Office of the Auditor General had contributed significantly to heightened government interest in accountability issues, and the role that auditing might play in this context. There had, however, been unintended consequences of this interest, which auditors were beginning to address during the course of my fieldwork. Changing conceptions of accountability illustrate the continuing relevance of auditing to rationalities and programmes influencing the course of governmentality in Alberta. They also suggest an ongoing re-adjustment between rationalities, programmes and technologies. These movements had significant implications for the technologies of efficiency auditing, and for auditor's own conceptions of their role. I return to them later, in closing this section. For the moment, I examine the reciprocal accountability that auditors understood to be a consequence of their own reports.

#### *b. Reflexive Accountability*

Accountability was not just a concern about client departments. While the audit report was a basic accountability document for management, it was

understood as a report not just on management's performance, but also on the auditors.' It seemed that this was a conception that had developed over time. Formerly the Office had been concerned not to report on matters on which corrective action was already being taken, an omission that was expressly allowed under the Auditor General Act, in a provision supported by the then Auditor General of the time.<sup>20</sup> While this provision remained, it was used significantly less often. As one auditor put it, "there is now an atmosphere that focuses far more on accountability, both for Departments and for the Office."

One manifestation of this was an increasing view of the annual report of the Auditor General as being what a senior auditor termed a "showcase of our work." Auditors were no longer content to shelve their work in the face of management representations that change had occurred. Instead, they felt a need to demonstrate the results of their work to others, both internal and external to the Office. Auditors would themselves establish informal views as to the efficacy of various audit activities. Often, they would draw lines between 'good' recommendations, oriented to 'change the way they [client departments] do business,' from other recommendations concerning basic financial control, generally seen as simpler, 'book-keeping' recommendations. These internal categorisations themselves had significant consequences for the kinds of audit work that auditors wanted to pursue. They were formalised in the Office's own internal accountability and control documents, not least in a recently designed 'income statement.'

Like private accountancy firms, the Office tracked employee time, charging this out against various audits. In the income statement these costs were then matched with 'income.' Of course, this income was not derived from individual jobs, or from separate clients; the Office's funding came instead from a vote of the Legislature. Because of this, the Office matched individual audit costs with a simulated income. In the case of attest audits, estimates were made of private sector prices for each audit job. But for systems work income was decided upon by a committee of the most senior auditors. They would analyse those major

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<sup>20</sup> The then Auditor General, Mr. D.W. Rogers has confirmed this support to me in research interviews.



recommendations set out in the report as major numbered recommendations ('type 1' recommendations) together with those secondary recommendations in surrounding text ('type 2' recommendations). Each type was divided into three classes of quality, with the most simulated income for the best type one recommendations, and the least for the lowest category type 2 recommendations. The most aggregated income statement showed the major audit groups, with their costs and incomes, and an office total. These statements were then broken down into local levels, with individual employees down to the manager level being treated as quasi profit centres.

It seemed that these statements had had significant influence. The audits that I studied occurred in the first full year of the statement's operation. A senior auditor confirmed that proposals for systems audits (and potential 'income') had *doubled* over the previous year. Other effects could be seen in the way that auditors approached their work. Significantly, auditors' perceptions of their own accountability, as provided for in the income statements, influenced the initiation of audits and their subsequent conduct.

Auditors were concerned to avoid the use of their time and the Office's resources in audit projects that might not generate published recommendations. At one stage, for example, the physicians audit was nearly cancelled, largely because the auditor charged with the audit felt that a recommendation might not follow from the work at hand. Similarly, work that was expected to produce recommendations might be stepped up and expanded, as seen in the increase in auditors proposals for audit projects. Auditors' strategies in conducting audit work were influenced by the auditors' own accountability. In this setting, accountability operated at multiple levels: individual auditors might feel accountable to their colleagues or superiors, while auditors as a whole might feel pressures flowing from the perceived accountability of the Office, and the judgments that outside parties might make on the quality of their work. Throughout this, their work would continue to be seen as a central element in the accountability frameworks of government, even as it was constructed by auditors as an accountability mechanism for themselves. This reflexive accountability, in which audits were understood as a test both of auditor and



auditee, and the varying arenas for accountability that it presented, would produce a variety of interactions and influences for action.

It is analytically interesting to examine the conceptions of accountability that the Office's internal income statements represented. My fieldwork occurred during the first full year of the statements' operation; at the time a discussion paper regarding the income statements had been circulated within the Office. It presented income statements and similar accountability measures as a logical extension of the work that the auditors had themselves conducted. In calling for enhanced accountability for departments, and an attentiveness to such issues as economy, effectiveness and efficiency, the auditors were aware of the internal logic of their recommendations. Moreover, they felt compelled to apply this logic to their own environment, in a context of deficit reduction:<sup>21</sup>

The world does not owe us a living; our statutory appointment must be supported by the merits of the work done. The challenge is to demonstrate that we deserve to continue to have the scope of work given to us.

We believe that when considering the actions necessary to correct Alberta's operating deficit, members of the general public should first expect the government to assess the scope for delivering existing programs at less cost. If programs have to be cut, they should expect that the least effective be cut first. And if the general public is asked to contribute significantly more by way of taxes and fees, then they need to be convinced that their funds are being used effectively. We cannot exclude ourselves from the rigour of the analysis that we have recommended. Therefore, we are, in all practical respects, in competition with anyone who feels that they can do better.

A number of themes intersect in the discussion paper, as auditors consider their own accountability. The auditors understood the accountability that they had promoted for others as a reflexive accountability. Having promoted enhanced scrutiny for others they felt that they could not hold off similar scrutiny of their own affairs. Auditors' strategies in the conduct of their audits

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<sup>21</sup> See earlier discussion regarding the government's programmes of expenditure reduction to achieve this end (Dinning, 1993a; Dinning, 1993b; Government of Alberta, 1994).

were altered as a result, as they balanced consideration of various audits with the likelihood of publishable findings. Once started, an audit conducted in an environment of income statements seemed more likely to produce recommendations; in the past not reporting might have been valued (as suggested by the 1977 Act's permission to omit material on which managerial action had been taken). Once an auditors' 'income,' and hence credibility to his/her peers and superiors became dependent on publication, these considerations materially altered. We can understand how proposals for report material might have doubled in the first full year of the system's operation, with auditors behaving in the kind of everyday strategic behaviours that they hoped to alter in others (cf. Munro, 1993)

Though audit activities were materially altered as a result of a changing climate of accountability, it was by no means clear that these changes involved departures from the ideas and practices earlier outlined. In the way that auditors spoke of and approached their work it seemed that concerns to pursue their audits strategically, mindful of generally specified environmental knowledge, had long been present. Similarly, their particular conception of effectiveness had been a recurrent concern. The kind of accountability that the income statements represented did not detract from these dimensions of audit practice. Indeed, this accountability was, in significant ways, predicated on the Office's discursive understanding of its role.

Income statements gave quantitative expression to the ideas which informed auditing practice. In this way, it seemed that they reinforced and reproduced these ideas in the field. In the face of systems designed to control and scrutinise audit activities, and to concentrate audit resources in those areas generating publishable findings and therefore income, auditors seemed likely to become more strategic. Conceptions of effectiveness being represented by recommendations which encouraged change were similarly bolstered by a system that gave quantitative backing to these normative frameworks. Income was, in essence, driven by auditors' ideas of effectiveness. The administrative technology of the income statement was informed by wider office discourse regarding 'effective' recommendations and the productive use of time. This internal control structure had implications for the way in which audits would

be approached. It was a detailed technological response to the question of how efficiency audits might be conducted, operating at the level of data gathering, codification and calculation that Miller and Rose (1990) envisage.

Auditors themselves understood the consequences of income statements and the accountability that they represented. In a memo to staff, a very senior auditor noted that the statements were themselves outgrowths of the Office's wider concern to emphasise a relation of cost to inputs. The auditor was, "confident that applying [this] concept to our Office will encourage improvements in our work and will identify, and therefore discourage, unproductive work."

An awareness of ideas and practices regarding accountability offers illustration of the complex considerations feeding into 'strategic' auditing. In filling out the ambiguities left by rationalities and programmes, in developing their own answers to how efficiency auditing could be conducted, auditors developed and used normative frameworks regarding appropriate practice (Bernauer, 1990; Foucault, 1972; Foucault, 1977a). These discourses were technological resources, enabling their work to take place. They informed practice, providing the intellectual machinery with which auditors worked. These ideas became embedded into such highly specific practices as the Office's internal control systems, as is seen here in consideration of the Office's income statements.

Of course, these practices were themselves subject to quiet reform over time. The Office's internal procedures developed over an extended period, with the introduction of such controls as income statements. The detail of these operations, while material to practitioners, and indicative of the ideas guiding their work, would rarely concern outside parties. The specific practices of efficiency audit, like much else in governmentality, had been left in the hands of experts (Foucault, 1978a; Rose & Miller, 1992). As a consequence, these experts could, on their own initiative, materially alter what efficiency auditing was, and what it involved, in their working through of 'technological' details.

These potential shifts in auditing practice could occasionally be joined with wider administrative concern for change. At the time of my fieldwork, such shifts began to be seen in then nascent government proposals, which again centered on certain conceptions of accountability, as government returned to

auditing expertise as a resource for change.<sup>22</sup> But in doing this they would still speak of their wariness of usurping management control, a concern that was framed by their ideas of attest auditing, and of what auditing should involve. I now consider the shifting nature of the deployment concerning efficiency auditing, as evidenced by ongoing discussions regarding accountability in government. Changing conceptions of accountability suggest continuing re-adjustment between rationalities, programmes and technologies. These re-adjustments also bring out tensions in particular ideas and practices that auditors used to conduct their work.

*c. Shifting Accountability*

In the construction of their role as auditors concerned to effect change, and hence make 'effective' recommendations, auditors faced a significant dilemma. Auditors problematised issues with the aim of encouraging change and what they hoped would be improvement. This was highlighted in the government's efforts to involve the auditors in reporting on proposed performance indicators for public sector entities. The government had begun to solicit the Auditor General's co-operation in these efforts, which ministers understood as a way of addressing their concern with expenditure reduction, while attempting to gauge the quality and performance of public sector entities.<sup>23</sup> Examination of the

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<sup>22</sup> At the time that this research was conducted, the provincial government was again concerned to improve public sector management in a plan that involved further auditing. Performance measures were to be established for public sector entities, with targets for yearly improvement in these measures, and reports on entities' performance in relation to these targets. The extent of auditors' involvement in this was initially unclear; for example, government at first seemed eager for auditors to establish performance measures throughout the public sector, a proposal which auditors themselves resisted. Later, it seemed that auditors would provide independent verification of managerially supplied performance data, a more arm's length relationship modeled on their attest auditing responsibilities.

<sup>23</sup> In this light, the government's concern was similar to that of others that, in recent years, have increasingly come to deploy auditing as a means for detailed comparison of expenditures and services received across institutions (Power, 1994a).

auditors' role reveals a series of shifts and re-adjustments between elements of the deployment, of the type that Foucault envisaged (Bernauer, 1990). These developments, in other words, are an example of the coming together of a strategy's positive and negative outcomes, intended, desirable or otherwise. Auditors and others had to deal with developing relations between ideas and the administrative technologies that they informed.

The government's interest in performance measurement was part of a revived political concern with modernisation and management improvement, which in many ways paralleled the concerns of the 1970s. Unlike then, the same governing party (the Progressive Conservatives) remained in power, but the party had gone through an apparent sea-change, with new leadership, and the election of many new Members of the Legislative Assembly (MLAs), as older members had retired in advance of a provincial election in 1993 which many Conservatives had thought they would lose.

In the event the Progressive Conservatives were returned to power. The election had been fought on a platform of deficit reduction, with the Progressive Conservatives and the opposition Liberals both committing themselves to deficit elimination through cuts in expenditure. The Conservative government had been charged with mismanagement of public funds, in a series of losses centering on government investments in private companies, the most notorious of which had been NovAtel Communications Ltd., a cellular telephone equipment manufacturer that the government had sponsored as a means to diversify the provincial economy.<sup>24</sup>

The Auditor General had produced a special report into Novatel at the request of the provincial government. One of the central findings of the report had concerned issues of accountability: the Auditor General found that NovAtel's losses illustrated "what can happen when deficiencies exist in an accountability process," and noted that NovAtel's accountability structures were similar to those of many other Provincial agencies (Office of the Auditor General of Alberta, 1992b, p. 20). The summary of findings suggested that if

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<sup>24</sup> See earlier note regarding NovAtel and the Auditor General's special report into its affairs (Office of the Auditor General of Alberta, 1992b).



the auditors' recommendations were implemented, the result would be significant improvements in control and accountability:

To have competent people publicly defining what they propose to do, and accounting for their use of public funds, is the essence of an effective accountability mechanism. (Office of the Auditor General of Alberta, 1992b, p. 21)

The Auditor General's Office, then, had made significant statements regarding accountability in the public sector. These statements were particularly powerful in the context of the time; they influenced the discursive articulation of accountability issues in the province.<sup>25</sup> We should recall that organisations and their environments may be mutually constitutive (Neimark & Tinker, 1986). The Auditor General's attentiveness to accountability issues, and in particular the Office's call for definition of proposed actions and accounting for the use of funds, found particular resonance with the government. One result was an ongoing negotiation between the government and the Office of the Auditor General regarding specific means of developing accountability in provincially sponsored organisations.

Ministers were concerned both to avoid future financial scandal, and to be seen as better managers of public money. Before the provincial election the Premier had endorsed a future in which "Albertans will see a new style of government, one that works less like a traditional government and more like a successful business" (Alberta Treasury, 1993, p. 5). As part of this, the Provincial Treasurer had announced that all departments and agencies receiving significant government funding would be required each year to prepare three year 'business plans' outlining long term goals and objectives, spending requirements in line with government's planned reductions, and specific means to measure results and performance (Dinning, 1993a, p. 7).

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<sup>25</sup> For example, in a research interview with a senior Provincial Treasury official, it became clear that government had recently avoided the creation of further crown corporations (i.e., publicly held corporations, such as NovAtel) due to ministerial concerns regarding the limited accountability of crown corporations that had been revealed in the NovAtel affair.

Accounting and auditing was placed at the centre of these developments. The government's express intention for the published 'business plans' was to "provide a new definition for accountability in government" (Government of Alberta, 1994, p. ii). In developing these plans it proposed to "work with the Auditor General, professional groups such as the Institute of Chartered Accountants, our partners and stakeholders, MLA's<sup>26</sup> and the Public Accounts Committee to improve our plans for future years" (Government of Alberta, 1994). Note that the primary professional resources relied upon here are accountants; this was itself consistent with an ongoing representation of government as a 'business', and a valorisation of private sector management techniques as a superior means of organisation and control. Just as in the 1970s, programmes to improve public administration were to include accounting and auditing expertise.

The developments at the time involved government's promotion of systems for performance measurement, comparison and reporting that were remarkably similar in effect to the kind of accountability environment that the Auditor General had previously called for (Office of the Auditor General of Alberta, 1992b). It seemed that the discursive field had shifted such that government's conceptions of accountability had come to mirror the Auditor General's earlier calls for statements of planned actions to be matched with an accounting of results (Office of the Auditor General of Alberta, 1992b, p. 21). It was in this apparent 'success,' with government acceptance of accountability regimes similar to those earlier proposed by the Office of the Auditor General, that dilemmas regarding the pursuit of effectiveness and the particular accountability that it encouraged were to re-emerge.

The specificities of auditors' concerns with accountability, and the means by which these were addressed, involved auditors in recurrent mediation of the line between auditing and management, as they tried to manage their own position and that of others. The dilemma that an auditor was concerned with 'effectiveness' as understood within the Office, while not usurping management control, was brought to the fore in government's interest in accountability.

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<sup>26</sup> Members of the Legislative Assembly.

The proposal that the Office conduct 'performance audits' was generally specified; it was as yet unclear what the auditors' eventual role would be, whether they would develop performance measures, or simply report on management's presentation of them. Auditors approached this new task with wariness. One indicated that the Office was unsure what performance auditing really meant, that there was some contention regarding the idea, as the Office backed away from government's suggestion that auditors derive, calculate and monitor performance indicators for government agencies. Once again the ideas and language of attest auditing provided an approach to the uncertain expansion of auditing practice. The auditor drew on this background, using the example of management's responsibilities for financial statements, envisaging that management would establish measures, standards and performance goals, while auditors would report on whether management met those goals. His reasoning was simple, "we are not management—we don't want to be management. That's what you're in danger of getting into with this. We are auditors." In developing performance measures it was feared that auditors would be cast in a managerial role, first in deciding which elements of 'performance' really mattered, and next in deriving specific means to measure and control these dimensions.

In practice the divide between auditing and management was more malleable and complex. Consider the following comments, made by a senior Provincial Treasury official during a research interview concerning the development of the Auditor General Act. Discussion moved to the government's current interest in performance auditing, which the official was heavily involved with. In his own mind this contrasted with efficiency work,

It [1970s reform] was not, I don't think that it was seen to the degree that we now see, I mean we are now talking in this department, in this government, about attest auditing of results, the New Zealand approach to life.<sup>27</sup> If you say that kids are educated, we're going to ask an auditor to attest that that statement is true. I don't believe that at the time in the mid 1970s that we

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<sup>27</sup> As part of its interest in deficit reduction, the Government of Alberta had increasingly studied events in New Zealand during the 1980s, as that country addressed its own deficit.

went nearly that far in our thinking about the power of the auditing profession to make the world better. It was more tentative, I think we were feeling our way along...

Over time it seemed that the provincial government's perceptions of auditing's potential for improvement had increased, to the extent that efficiency auditing, which in the 1970s had been viewed as a major expansion of auditors' mandates, could be retrospectively interpreted as a tentative, and lesser development than contemporary reforms. There was a rising trajectory of government expectations regarding auditing, accompanied by the invocation of auditing in fresh projects for accountability.

Auditors had themselves publicised their views regarding accountability and the need for its enhancement in government agencies.<sup>28</sup> Now that an expanded role was effectively offered to them, they shied away from more detailed involvements. At the time of my fieldwork, and afterwards, negotiations were taking place as to whether auditors should decide on performance measures, and compile and calculate them, or whether client departments (including, as suggested above, schools, universities, hospitals or other public sector bodies) should develop such indices, with auditors verifying these calculations. Institutions were then expected to set out projections for improving their scores; auditors would further report as to whether these performance standards had been attained (Government of Alberta, 1994).

We should consider these events, and the lines of thought that they bring to view. It is clear that government had a continuing interest in auditing as a resource for scrutiny, improvement and control. Auditors had to some degree maintained this climate of interest through their own reports, calling for enhanced accountability. Yet when government began negotiations regarding

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<sup>28</sup> Previous reports had questioned accountability in government in the light of financial failures (Office of the Auditor General of Alberta, 1992b), and had proposed more detailed budgeting, changes in the Public Accounts Committee and its review of public finances (Office of the Auditor General of Alberta, 1993). The Auditor General had also called for greater financial disclosure as a means of achieving accountability (Office of the Auditor General of Alberta, 1992a, p. 12).

further technological approaches to accountability, efficiency and other matters, auditors stood back, fearing that their role as auditors was incompatible with the government's proposals, evidenced in the earlier comment that "we are not management—we don't want to be management. That's what you're in danger of getting into with this. We are auditors."

These developments provide an interesting example of auditors' reliance on particular conceptions of attest auditing in the face of potential change in their function. But they also highlight the dilemma that auditors faced in their work as it then was. The whole idea and purpose of the audits that I followed was to effect change, to improve the financial administration of the province. This was the criterion of effectiveness. It inevitably involved recommending courses of action, however general, and considering alternatives to present practice. The considerations that this brought to bear already directly implicated auditors in a managerial role, as is witnessed by one auditor's account of his own practice in considering strategies for an effective audit:

Some of the things that you're looking for are more in the line of strategic measures that must be in place for an organisation to exist within the next decade, given technological change, etc., etc., That type of an aspect will, you know, that really isn't accounting per se, it's more of a strategic management kind of thought process, that you actually... What I find I do a lot, is I say, "OK, if I was running this place, what do I need? What don't I need? What is relevant?" So there's kind of that getting inside the management of an organisation and trying to find out what its objectives are.

Such substitution of auditors' views for those of management was already foreshadowed in the audit manual's consideration of whose views should prevail in an audit, "the answer has to be—management's view, or rather, the auditor's perception of the way in which the audit issue should be managed in order for management to be successful" (Office of the Auditor General of Alberta, 1991, s. 20.4)

The auditors' concern with the encouragement of specific changes was a fundamental part of the strategies that I have outlined. Auditors frequently indicated to me that they felt that their reports would be inadequate if they did



not communicate to management potential solutions to deficiencies highlighted by audit reports. The alternative of reporting failures and leaving remedial plans for management alone was understood as leaving auditors in a nihilistic role. In their recommendations, then, the aim was always to set the scene for change; in speaking of client departments one of the most recurrent phrases used was that the auditors should "get them to change the way that they do business." It was because of this concern that auditors would consider the potential of different methods of hospital administration, physician payment, and the provision of healthcare for welfare recipients.<sup>29</sup> Their ongoing consideration of potential courses of managerial action guided their work and their reports. Auditors understood accountability in terms of this purposive approach: they compared practice with their ideals, and found it wanting (Miller & Rose, 1990).

Though auditors might present their own work as discrete to that of management, and might at times conceive of their position in terms of the independence and aloofness that they associated with attest audit activity, in practice this divide had been eroded. The barriers between management's ongoing concern with an entity's operation, and the auditors' own scrutinies often came together in parallel concerns for change. Mental borders remained, as auditors relied on ideas drawn from their attest position and drew back from the more pervasive involvements suggested by certain forms of performance measurement and reporting. But in the daily practice of efficiency audit work these considerations were overcome by the intersection of auditors' strategies for improvement, and their internal conceptions of effectiveness.

This coming together of managerial and auditing roles was not premeditated, or orchestrated by any one body or group. Rather, it suggested ongoing re-adjustment as the details and mechanics of this auditing technology were worked out in the field. Earlier rationalities and programmes laid out general frameworks in discussions in the 1970s; their meaning continued to be worked through and negotiated by auditors as they applied auditing technologies nearly twenty years later.

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<sup>29</sup> See earlier discussion in chapter six.

In analysing these shifts, it is possible to see certain of the consequences (intentional or otherwise) of interactions between flows of ideas and practices. Technologies, and their intellectual foundations, continued to matter; concerns of effectiveness and direction in auditing remained material to participants. These developments were relevant both for the practices of auditing, and for the intellectual machinery that gave life to individual audit technologies. While the nascent construction of auditors' roles in performance auditing may be seen as a postscript to efficiency auditing, these developments also illustrate linkages between the ideas that informed these practices. It seems that in the adjustment of deployments ideas and practices matter: they both inform and allow such later developments as an increased accountability through performance measurement and auditing.

Having considered certain specific expositions of the ideas and practices underlying efficiency auditing, I now stand back from this detailed analysis to consider the influences that these processes had on the kind of efficiency that auditors reported.

### C. CONTINGENT EFFICIENCY

Auditor General reports are persuasive documents, indeed, they are treated with rare reverence by the press. Perhaps this is unsurprising given that they read with a powerful combination of sober analysis and informed authority. But the detachment of these reports, along with their symbolic investment of authorship in a single auditor, is simply a useful fiction. Auditors are very much aware of their social and organisational context, and their appreciation of these factors is a central part of the technology that allows them to operationalise efficiency auditing.

I have reviewed the kind of systems auditing that operates in the field, and have explored ideas and practices that auditors used in addressing their mandate to audit for economy, efficiency and effectiveness. The general approach to auditing, and discursive conditions that allowed this approach, have been considered as part of a strategic approach to audit inquiry. Auditors relied on a series of normative guides as they conducted their work. They were immersed

in 'knowledge of business' which informed their inquiries. Central to this was a particular view of audit effectiveness as being satisfied by the acceptance and implementation of audit recommendations. Efficiency reports were strategic reports, written to promote action. Yet auditors could not themselves compel change, but rather advise, persuade and monitor, even as the borders between their own roles and those of management became increasingly malleable. This work was not without its contradictions and uncertainties; in tracing this activity I have located certain patterns and effects in auditors' reliance on mutually sustained views of best and appropriate audit practice.

It is appropriate to consider auditors' working procedures, and the ideas which underlay them, in terms of the efficiency that auditors addressed in their reports. The efficiency which auditors present in their reports is effectively governed and delineated by the work that auditors conduct. The work that I found auditors relied on was not an entirely dispassionate or technocratic inquiry, although it involved important appeals to such an approach. The efficiency that auditors came to know through their work was not one which found universal application, nor one which appealed to the kinds of codified, technical bodies of knowledge that we might associate with traditional attest auditing practice. In what they understand as their efforts to improve government's financial administration, auditors pay very significant attention to the social world in which they work. They map out the dynamics of political and administrative policy, they track the norms of government and of departments, and they tailor their work for persuasiveness mindful of these norms.

For these auditors, the social and normative environments were facts which they had to negotiate: concerns of the social were a reality with which they had to work. Their attention to context resulted in recommendations which took account of numerous specificities: the financial and operational circumstances of a client provided one base, but this was joined with an attention to the language, norms and ideas which circulated both in the client department and in the wider audit environment. Their ability to track shifting normative contexts was a crucial technology that enabled them to work effectively, since failure to appreciate the ramifications of such shifts would result in their being

viewed as irrelevant, as one auditor made clear in anticipating client comments ("Here is the real world, you're not in the real world").

Auditors both reacted to and acted upon the world; this dialectical relationship illustrates the mutual constitution of organisations and their environments (Neimark & Tinker, 1986). We can see this in auditors' attempts to effect change through repeated recommendations (in some cases highlighting issues for a decade or more), even though they recognised the difficulty of such a course. But as I quoted one auditor earlier, "it's kind of a hard rock, and you're trying to make it fertile. It's real hard work to do that, so it's a long term view. But there are other views as well..."

These other views again involved auditors in the constitution of their environment, although in a more selective and strategic sense. They attempted to estimate the kind of change which was attainable at a given time, and to encourage that, even though the auditors might themselves prefer a higher ideal or standard. The result was a very practical sort of efficiency audit, one which relied on a sophisticated reading of the environment so as to gauge attainable change. In these cases, one year's audit had to be understood in the context of other audits, with knowledge that the auditors were, in many cases, aiming to progressively change their client institutions. In appreciating these stratagems I have pointed to some of the particular and local considerations that the auditors themselves faced, both as individual accountants with their own career aims and expectations, and collectively as an Office which wanted to maintain constructive relations with its overall government client. The accountability of these audits was reflexive.

Auditors are themselves socially situated, and their own normative context is subject to ongoing shifts. Though auditors might themselves envisage their strategies as leading ultimately to stable goals as clients reached greater 'maturity' or willingness to change, it would be a mistake to see auditors' own aims as a static or immutable model of government administration. Instead, their own ideas, practices and values are modified over time, and as a consequence their strategies undergo multiple amendment. Efficiency auditors face many of the same problems of other professionals seeking to conduct their work and maintain their status in an uncertain and variable environment.



My fieldwork addressed the technologies of government, especially those relating to auditing. Talking about 'technologies' does not merely mean a concern with strictly mechanical processes, or an assessment of the effects of such procedures as calculation, notation, presentational devices, etc. (Miller & Rose, 1990). At first sight Miller and Rose's work might lead to a pre-occupation with such mechanics of government operation. But in analysing efficiency audits, I have found that technologies, when understood in the fuller sense of those technologies that make it possible to govern and intervene in the world (Foucault, 1978a; Gordon, 1991; Miller & Rose, 1990), involve significantly more than such more immediately apparent mechanics (although they remain significant).

In studying audits it became increasingly apparent that efficiency auditing was a diffuse and poorly specified activity that relied less on the 'harder', mechanical technologies suggested in earlier studies of governmentality, and much more on generally specified knowledges, norms and procedures. A narrow interpretation of the technological, as strictly mechanical procedures uninformed by wider social understandings, would misrepresent these processes. What was happening in the field in fact involved very significant social interpretation; it was this interpretation that was at the centre of the technological—it allowed these audits to be conducted.

This argument has a number of implications; it suggests a broadening of our understandings of the 'technological'; it suggests that the technologies of this form of auditing involved significant social interpretation; and it suggests that when charged to audit for economy, efficiency and effectiveness, auditors produce socially constructed reports, in which concepts such as efficiency are aligned with a series of social activities and guides. This has implications for the way in which 'efficiency' is itself derived.

Technologies matter, but they are inevitably given life through social action. In the particular case of efficiency auditing, I have found that these social guides become especially important, since auditors face a wide range of auditing scenarios, and rely on quite loosely specified bodies of knowledge in going about their work. On one level one might question the efficacy of their work, and suggest that this auditing as described above is in some way wanting. But



that would be a contradiction of the apparent acceptance of such work in general discussion and debate. While the work of efficiency auditing might not match contemporary public perceptions of auditing as a clinical, detached process (Francis, 1994), that does not mean that this auditing does not work, or is not accepted. Public discussion of this practice, and the reverence with which it is treated, suggests that auditing presents an authoritative view of efficiency and other matters.

This gap between public discourse and apparent auditing practice presents a conundrum. On the one hand, public perceptions of this work might be viewed as erroneous, and the discourses surrounding efficiency auditing as mistaken; alternatively, views of efficiency might be reconstructed in a way which learns from the apparent acceptance of this activity, and suggests that efficiency is effectively determined by the work that auditors conduct. This is an important choice: on the one hand a broadly objectivist view of auditing which applies its own criterion and finds practice wanting; on the other a more constructivist view which draws from wider social acceptance of this work and comes to view the efficiency that it reports as socially contingent. Following my interest in the influence of discourse in our understandings of the world, I believe that a constructivist view, elaborated through interpretation of discourse and practice, offers a better understanding of efficiency auditing.

I have argued that the process of elaborating programmes through manuals, statements and similar inevitably leaves gaps. Ultimately these are resolved by auditors in the field as they work through their auditing technologies (Hoskin, 1994; Miller & Rose, 1990). My fieldwork suggests that auditing technologies are themselves socially constructed and interpreted, and that, in efficiency auditing, significant elements of the technological are geared towards tracking 'knowledge of business', the normative context in which auditors work. It is with the aid of this tracking that they address such fundamental auditing issues as which audits to pursue, when and how to pursue them, and how their recommendations are ultimately expressed. Efficiency audits are pursued strategically using this information, with the ultimate goal of effecting change. The net effect is that efficiency in these audits is often not an absolute, but is instead a socially contingent efficiency, geared to a time and place, with audit

reports written for persuasiveness and action. Thus reports written at one time might be viewed as inappropriate for another, since they "wouldn't be strategically wise," as one auditor commented in discussing why certain issues presently considered could not have been addressed earlier. The efficiency that these auditors examined was materially altered by social contexts. As a consequence, knowledge of these contexts became an important auditing resource. It was through appreciation of the social world and its discursive representation that auditors came to know efficiency.

## VIII. Conclusions

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This dissertation has been framed around two questions, concerning the development and operationalisation of efficiency auditing. In concluding my analysis of these issues, I address each question in turn, providing a summary of my response, and consideration of both empirical and theoretical contributions. I follow this with discussion of the limitations of this study, and suggestions for further research. This concluding chapter allows for a final codification of my work, and consideration of the project as a whole.

### A. HOW DID AUDITING COME TO INCLUDE EFFICIENCY?

#### 1. Overview of Response

My analysis of the development of efficiency auditing centred on events in the province of Alberta, and the circumstances that allowed the formation of a revised auditing mandate involving efficiency auditing. In reviewing aspects of the social and political history of the province in the 1960s and 1970s, the period immediately preceding and surrounding auditing reform, I have pointed to the role of more general political concerns, and the specific climate that they fostered, as a means to understand the attractions of efficiency auditing at the time. I interpret this material in terms of Miller and Rose's (1990; Rose & Miller, 1992) analysis of political rationalities, and their roles in providing the conditions that allow the production of more detailed political programmes, (including such plans of action as are provided by committees, reports, and proposed legislation).

Debates of the time suggest that Alberta politics was marked by suspicion of the 'political,' and a prevailing conception that government was best thought of as a business like, rather than a political enterprise. As a consequence, government was framed as a managerial issue, in ways that made a revised

government auditing seem politically appealing. In developing their political challenge to the governing Social Credit party, the Progressive Conservatives drew on managerial conceptions of government, and began to promote themselves as a group which, though it was substantially in agreement with government policy, was more managerially competent.

At the time, ideas of efficiency auditing had begun to emerge, as the Auditor General of Canada pursued his duties more aggressively, highlighting alleged 'non-productive payments.' The publicity that accrued to these reports drew the attention of Alberta's Progressive Conservatives, as they sought to bolster their managerial claims. The Auditor General of Canada's reporting had fostered ideas of auditing as a pro-active search for waste or needless expenditure, a conception that was embodied in Alberta's first formal proposals for efficiency auditing, the Taxpayers' Protection Act. Although these proposals fell, they signaled the Progressive Conservatives' commitment to government auditing reform.

In addition to concerns of managerial competence, auditing reform was also influenced by an increasing conception of the 1970s as a time of unusual change and progress. Such ideas made it politically attractive for political policies and parties to be presented as fitting with the times. This appeal to contemporaneity was made especially resonant by then powerful modernist (Sarup, 1989; Sayer, 1991) beliefs in the improving power of science, management and other forms of deliberated action.

My analysis suggests that to understand the development of government auditing reform in Alberta, it is important to address the discursive conditions that allowed reform to take place, and provided auditing with priority over other potential issues of concern. I argue that the perception of auditing as a 'technical' issue provided auditing with significant appeal. A more aggressive government auditing was understood by politicians, auditors and others as a state of the art managerial tool. As a result, it appealed to then current discourse regarding managerial competence and contemporaneity.

The movement between the more general concerns represented by political rationalities, and the detailed exposition seen in the political programme embodied in the Auditor General Act, 1977, involved development and

refinement of auditing mandates. I have argued that to understand this process it is important to address the role of expertise, and the issue of government reliance on professional knowledge. This is brought into sharp relief in the drafting of Alberta's legislation, based as it is on initial material framed by the then Provincial Auditor. But it operates in less visible ways, in the negotiations and considerations of the civil servants, officials and politicians charged with framing and implementing reform.

I would note that levels of analysis such as 'rationalities' and 'programmes' are themselves collapsible—they interact in the field. Thus although experts may be thought of as operating in the more specific domain of the programmatic, they were also influenced by the wider discursive context of the times, that had first fostered political rationalities for auditing reform. Similarly, while it is analytically useful to separate out the detail of auditing technologies from the rationalities and programmes that support such practice, it can also be seen that exemplars of auditing practice, in this case at the federal government level, can themselves influence events. In this sense the technological (although drawn from other spheres) may itself provide the conditions for further technological development.

## 2. Empirical and Theoretical Contributions

Perhaps the most immediate contribution of this stage of my research is in terms of developing original empirical materials, and addressing an under-researched area, government auditing. Broadbent and Guthrie's review (1992) indicated that there was a "relative paucity of research in the public sector," (p. 23), especially of the more critical variety. Their inquiries, and my own, suggest that an analysis of the development of efficiency auditing simply has not been undertaken, and that this branch of auditing has developed with remarkably little academic attention. One of the first contributions of my analysis, then, is in addressing the development of efficiency auditing and, through close examination of one case, mapping out the dynamics which influenced auditing reform.



One effect of this research is that my account of the development of efficiency auditing in the province draws from a broad range of primary and secondary sources, and is supported by a significant body of evidence. The breadth of sources consulted, and the availability of participants to be interviewed, adds depth to this analysis. Accounting issues hardly appear at all in standard historical accounts (cf. Palmer & Palmer, 1990). Although such secondary material can provide useful background, to understand the specifics of accounting development and change, it becomes necessary to study primary sources, as I have done in this dissertation.

I would contrast this approach to 'alternative' research that is often centred on rather weaker empirical foundations. There is a danger that, after an initial flirtation with history, 'alternative' accounting research will become an exercise in writing papers about papers (e.g. Miller & Napier, 1993), rather than about activities beyond the academic world. Indeed, in a branch of research that has made much of the excessive empiricism of other modes of inquiry, it is tempting to become cavalier about data and such issues as care and objectivity. Recognition of the flaws of such concepts does not allow their abandonment without the elaboration of persuasive alternatives (Hammersley, 1992; Hammersley & Atkinson, 1983). I would not argue for a doctrinaire designation of formal rules or standardised procedures, but instead see such issues of validation as a process through which a community of researchers evaluate the trustworthiness of a study as a basis for their own work. In this sense, claims of the validity of research are tested through ongoing discourse amongst researchers (Kohler Riessman, 1993; Mishler, 1990).

One of the aims of this work was to understand the mechanics of change, in this case, the development of a reformed and expanded auditing mandate. The dissertation follows a longer standing concern to investigate the *processes* involved in the interaction of accounting and the social (Radcliffe, 1989; Radcliffe et al., 1994). As I have noted, Burchell et al. argued that while these processes had tended to be stated, they had yet to be fully analysed and described. To date most analyses attending to accounting change have tracked events primarily through archival sources, including professional announcements, government documents, news stories and the like, sometimes

with the incorporation of interviews with civil servants, the officials of professional institutes and others (cf. Burchell et al., 1985; Miller, 1991; Preston et al., 1994; Radcliffe et al., 1994; Robson, 1993; Robson et al., 1994). By contrast, in researching the dynamics of government auditing reform in Alberta, I was able to locate and interview most of the senior participants in the audit reform process, and I gained access to a wide variety of primary sources, including unpublished government documents, discussion papers, draft bills and other documentation. This fuller access allowed the development of a particularly rich and detailed account of the development of reform.

One dimension of this research process was the inter-relatedness of the interviewing process and documentary access. Having established contact with participants in legislative debates, they would often suggest others who could be interviewed, together with additional documentary sources. I took advantage of this, mindful of the role of opportunity and luck in the research process (Hammond, 1967; Medawar, 1964).

While the focus of this work has been the development of efficiency auditing, and an analysis of the processes involved in changing auditing mandates, I would point to the position of this inquiry in terms of a nascent critical literature that has begun to address auditing practice (Pentland, 1993; Power, 1994a). Critical accounting research has been (as the term implies) largely concerned with accounting, rather than auditing issues. Perhaps the concerns of critical accounting to incorporate the social into academic inquiry, elaborated in chapter 2, caused a certain reticence with regard to the seemingly more technical branch of auditing. This dissertation can be seen as an attempt to question the social basis of a branch of auditing, even to the most basic elements of the framing of an auditor's mandate. While the present analysis of auditing has not been focused on the more conventional attest auditing practice, it seems doubtful that this latter activity can be isolated from the social world, a suggestion that is reinforced by a reading of the development of accounting standards (Robson, 1993) or of the history of the profession (Jones, 1981). In short, while this analysis involved the examination of a specific instance of efficiency auditing reform, it speaks to more general processes

regarding the development of accounting change, and challenges more conventional views of auditing as a largely technical practice (Power, 1994b).

I believe that the historical work in this dissertation may make a number of distinctive theoretical contributions. One of the most recurrent is the linkages between wider flows of ideas within society, and the localised discourse of the accounting profession and its techniques. Throughout my analysis of the development of efficiency auditing in Alberta I have tried to convey a sense of the mutual relation and influence between the general and the particular, mapping out the inter-relation of accounting and the social in the manner that Burchell et al (1985) envisage. These linkages are especially important in terms of an analysis of the place of accounting in the social world, and of the influence of the social on accounting. In the present case, Alberta's efficiency auditing can be seen as a development influenced by a diverse set of ideas and circumstances, which coalesced to form a particular social field, or deployment, that influenced events. In this light, the political climate of the province of Alberta in the late 1960s and early 1970s, the construction of government in terms of good management rather than policy divisions, and the confluence of a revised federal auditing practice can all be understood in relation, as part of the specific social conditions that allowed the revision of auditing mandates.

This view of the relation of diverse ideas and practices is developed in Foucault's work (1977a; 1978a; 1980), but has been differently addressed in interpretations of his work in academic accountancy. Indeed, it has been suggested that a new 'theory of practices' is required, and that accounting inquiry has been operating at the outer reaches of Foucault's analysis (Hoskin, 1994). My earlier argument in chapter 2 suggests that these claims may be more ambitious than is warranted, and that rather than an extension to Foucault's work in general, what may be needed is a re-interpretation of Foucault's work as it has been applied in accounting research. I argue that Foucault himself envisaged mutually supportive relations between ideas and practices, and that these relations, in what may be described as a deployment, present a more catholic series of linkages than has been explored in the accounting literature to date. This position is useful in establishing relations between, for example, the ideas circulating in Alberta's political environment in the 1960s, and the

auditing practices applied by the Auditor General of Canada. Such relations become more pronounced in considering the operationalisation of efficiency auditing, as auditing practices are seen to be supported by agreed practitioner knowledge; I return to these issues later.

There are questions both of how useful this technology is, and of how it can be extended. Overall, I found that Miller and Rose's work provided a useful frame for addressing links between wider social issues, and the detail of legislation concerning government auditing. The idea of general political rationalities, and the problematisations that they entail, was helpful in directing attention to a questioning of the role of auditing, and to early expressions of interest in auditing reform. Their analysis of the differing consequences of programmes, such as legislation, and the technological means by which they are operationalised, provided further points of departure for empirical investigation and consideration. I found that Miller and Rose's thoughts on these issues helped in categorising events and highlighting movements from one domain to the next. Their work provides a theoretical vocabulary for linking broader sentiments, policy discussions, and eventual operationalisation. However, Miller and Rose provide little guidance in terms of how technologies might be identified, studied and understood, an omission that presented certain problems, discussed below, in addressing the operationalisation of efficiency auditing. Nevertheless, they do suggest a re-orienting of study towards such mechanics, and present a start in addressing these issues. All frameworks come with their own baggage of omissions, confusions and other shortcomings, but on the whole I found that Miller and Rose's categorisations were useful in framing my analysis, and elaborating links between various dimensions.

My own analysis of events in Alberta concerned one example of the development of efficiency auditing. I present this with the intention of establishing the grounds on which efficiency auditing developed in one jurisdiction, and with the hope of illuminating wider and more recurrent social processes involved in movements in accounting and auditing knowledge. In this sense, I follow a more generally established interest in studying apparently general social processes through examining specific events (Burchell et al., 1985; Preston et al., 1992; Robson, 1993). While I would argue that similar processes



to those evidenced in Alberta in the 1970s were involved in the generation of revised auditing mandates in other jurisdictions, I would point to the specificities that seem to be involved in the development of accounting and auditing change.

In analysing the development of efficiency auditing I have pointed to the specificity of Albertan concerns, and the importance of local dimensions. Some of these dimensions may at first seem to be recurrent, suggesting a broadly similar path. But I would suggest that superficial similarities may be undermined by the cumulative effect of social differences. For example, the conception of politics as a 'managerial' matter can be understood as operating in a variety of jurisdictions, (consider the Glassco Commission regarding the Federal Government of Canada, or Harold Wilson's broadly contemporaneous commitment to management as part of his rhetoric regarding a 'white-hot technological revolution' in the UK). Yet these apparently similar concerns arose in an array of social, institutional and cultural contexts. The combination of these varying circumstances may limit the extent to which similar social processes may be extrapolated from one setting to another. While similar social processes may well be involved in reform in other jurisdictions, but they themselves should be addressed with specific understanding of the confluence of both broader concerns and those that are highly local.

## **B. HOW ARE EFFICIENCY AUDITS OPERATIONALISED?**

### **1. Overview of Response**

In addressing the operationalisation of efficiency auditing, I turned first to professional standards, auditing manuals and other documentary expositions of practice. Analysis of this material revealed that Canadian standard setters themselves understood efficiency auditing as a complex and diverse practice, that was framed by a variety of mandates, heterogeneous assignments and varying objectives, criteria and evidence. This professional material pointed to empirical complexity, but it also seemed to be built on unstated frameworks of



practitioner knowledge, that seemed highly specific to that limited set of auditors already involved in conducting efficiency auditing work.

Logistical questions arose in the wake of this initial review. It was unclear how the operationalisation of efficiency auditing might best be tracked and understood. I turned to ethnography at first because of the limitations of documentary evidence, but, as discussed in introducing this work, it became clear that an ethnographic analysis offered more than empirical elaboration—although this remained important. As Jönsson and Macintosh (1994) argue, ethnography can offer a way of extending our knowledge of theory, and managing theoretical change. While ethnography has often been presented as being in opposition to more theorised approaches, I approached it with broad theoretical foundations, drawn from Miller and Rose's focus on technologies, and with consideration of prior Foucauldian work in accounting, and Foucault's own work.

Although Miller and Rose emphasise the importance of technologies and other aspects of the 'micro-physics' of power, they do not offer a detailed specification as to what constitutes a technology, how technologies might be examined, etc.; their analysis simply does not go this far. Their work highlights technologies and offers a broad description of what they might involve, together with some examples, but they do not offer more specific guides to applying this analysis to other fields. The absence of such guides strengthened my interest in ethnography as a means to understand the operationalisation of efficiency auditing.

I examined three efficiency audits in the field, attending audit planning meetings, following auditors as they worked in client departments, and accompanying them as they gathered data and interviewed departmental officials. In addition to this contemporaneous observation, I interviewed auditors, both to elaborate accounts of their work, and to check my own understandings as they developed. I also attended meetings in which auditors jointly edited report material.<sup>1</sup> This work suggests that in the absence of other

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<sup>1</sup> Since individuals writing alone do not actively engage in the social interaction on which ethnography relies, I was unable to study the writing process, other than in these meetings,

more formally codified technologies, agreed upon practitioner knowledge provided the means that enabled efficiency auditors to conduct their work. I elaborate this knowledge as it is manifested in practitioner discourse, exhibited in meetings, interviews, audit working papers, manuals, etc.

My first analysis of this ethnographic material appears in chapter 6, as a less abstracted account, designed to preserve more insights from the field, examine aspects of the three audits that I followed, and address the elaboration of efficiency audits in practice. In the absence of other published accounts, this chapter offers initial analysis of the work that efficiency auditors do. Later, in mapping out practitioner knowledge, I centred my description and analysis around a series of terms used in the field, starting with analysis of the strategic character of efficiency auditing, and following with review of the implications of what was termed 'knowledge of business.' This latter knowledge involves a broad appreciation of the normative and administrative environment concerning the organisations with which the auditors worked, the audit office, and government at large, and it incorporated knowledge of wider social norms and political debates. Various branches of what was understood by practitioners themselves as a rather amorphous knowledge of business, proved to be very significant in shaping audit inquiries.

I elaborated these issues by reference to ideas of accountability, understood by practitioners themselves as reciprocal and shifting, and addressed the influence of changing conceptions of accountability within the audit office, and the consequences of these shifts for auditors' working practices. It seemed, for example, that attitudes towards the publication of findings had moved over time, from an initial belief that publication would provoke a defensive response amongst civil servants and politicians, and that change was best achieved through quieter pressure, to a new belief that the audit report was an accountability document that applied just as much to auditors as to auditees.

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and in research interviews. As noted in chapters five and six, I was unable to attend exit conferences, due to concern that a researcher's presence might inhibit officials present, since they had not attended those meetings previously studied.

This latter belief made the publications of audit findings the norm, rather than the exception.<sup>2</sup> I analyse these and other elements in practitioner discourse, and indicate how mutually agreed upon knowledge guided audit inquiries. In the absence of the more 'mechanical' technologies associated with attest auditing, such as checklists, pre-printed packages of working papers, computer programs and the like, I show how a more diffuse knowledge of business, together with practitioner norms, were effectively technological, in that they provided the intellectual basis that allowed practitioners to conduct their work.

Aside from the mechanics of efficiency auditing, and the elaboration of specific technologies that enabled this work to take place, knowledge of attest auditing had a continuing influence in efficiency auditing practice. The language of attest auditing was used pervasively in addressing efficiency auditing work, even though auditors made significant distinctions between the two branches of their mandate, indicating that efficiency auditing required more 'mature' personnel, and that it did not involve the kind of practised regularity of approach that they associated with attest work. Nevertheless, this language was significant in that it represented efficiency work as *auditing*, and hence a part of the practice that auditors conducted. It conveyed an aura of formalised expertise and professional knowledge in an area that auditors themselves privately argued was quite different to their regular auditing inquiry. The language of auditing was important in expanding auditors' professional jurisdiction (Abbott, 1988) from attest to efficiency, since this latter work depended on a legitimacy that, beyond legislative authority, had to be played out and accepted in the field, both by auditors, and by their client departments.

It is difficult to condense extended observations into shortened summary accounts, but in addressing this work overall I would point to my analysis of the influence of auditors' strategies in framing efficiency. Rather than being an absolute metric or categorisation of what was or was not efficient, this form of

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<sup>2</sup> However, some audits would simply be curtailed, rather than be concluded with what were considered unreportable findings. This practice increased, partly due to the use of internal 'income statements,' and their allocation of audit costs and simulated recommendation 'income' to individuals and teams, as discussed in chapters six and seven.

auditing produced a socially contingent view of efficiency. Without formal models of efficiency, or generalisable means of calculation, computation or the other mechanical technologies that Miller and Rose tend to describe, auditors developed a socially sophisticated understanding of the organisations with which they worked, and constructed their activity in terms of progressive improvement and change, rather than precise categorisation of efficiency.

There were no precise benchmarks or models of what was or was not efficient, and there was no apparent desire to produce such guides. Instead, auditors understood efficiency in relative terms, believing, as one put it, that efficiency could be understood in terms of client maturity in financial administration. More 'mature' clients would understand and appreciate more demanding auditing recommendations, while less mature clients would simply despair, and not attempt change. The effect was a series of audit recommendations which, though they were carefully and deliberately framed, said little about efficiency in a formal, economic sense. Rather, auditors wrote these recommendations purposively, as part of their strategic efforts to precipitate action. As a result the view of efficiency that these reports represented was relativistic, with audit findings predicated on the specific conditions of individual client entities, married with a wider appreciation of the broader discursive environment in which auditors worked. Auditors themselves recognised the theoretical problems of efficiency auditing at an early stage (McSweeney & Sherer, 1990), and rather than attempt to generate a unifiably applicable theory or model of efficiency, they instead applied themselves to using their efficiency auditing mandate to promote change.

## 2. Empirical and Theoretical Contributions

In considering auditing as it was conducted in the field, I began to realise that my initial views of technologies needed revision, and that Miller and Rose's work did not necessarily think of technologies as being simple mechanical procedures. Rather, the operation of professional expertise suggested an array of technologies of varying specification (as Miller and Rose themselves suggested, their list of technologies could be heterogeneous, and, in principle, unlimited

(1990, p. 8)). It became clearer over time that if technologies were understood as practices that enabled the fulfillment of more general programmes, such as a mandate to audit for efficiency, then the ideas and practices that I had located were themselves technological, in that they were the means by which auditors made sense of, and fulfilled, their mandate. They allowed efficiency auditing work to be conducted. The ideas and practices that I had observed were indeed technologies, they were just not in the more mechanical form that I (or my supervisor!) had expected. It seemed that, as in my earlier analysis of the history of audit reform, *local* discourse was very important in forming and shaping events. An attendance to local discourse, and its consequences, is one of the major distinguishing features of this work.

I have come to see that my experiences showed me one of the principle benefits of ethnography. Ethnography provides a remarkable capacity for discovery and surprise.<sup>3</sup> While researchers may come to the field with strong prior conceptions as to what they expect to find, the experience of extended immersion in the field can erode these pre-conceptions. I found that in conducting fieldwork my observations combined to form a powerful representation of how auditors went about their business—one that was different to my own prior conceptions of how their work might be conducted. As a result, my ideas changed, and I came to re-interpret my theoretical framework—to my initial surprise, learning more about the theory as part of this process.

My thoughts on this have been crystallised by exposure to a recent paper by Jönsson and Macintosh (1994), which argues for the role of ethnographic research in accounting as a means of initiating theory, and managing subsequent theoretical change. The paper is important because it challenges some of the foundations of 'critical' accounting research, especially in terms of

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<sup>3</sup> I had been coming to this view over time, in thinking of my research experiences. Conversations with Sten Jönsson at the recent Fourth Interdisciplinary Perspectives on Accounting Conference (Manchester, UK), and conference discussions of his recent paper with Norman Macintosh (Jönsson & Macintosh, 1994) strengthened this view of the benefits of ethnography in terms of surprise.



reliance on prior theory. Jönsson and Macintosh suggest that strongly theorised work suffers from a number of problems, not least that,

the results are given *ex ante*. It is almost as if there is no need to read (or even undertake) CATS [critical accounting theory] studies—their conclusions are always known in advance. The cart always comes before the horse. (Jönsson & Macintosh, 1994, p. 4.6.24)

Jönsson and Macintosh moderate their criticism, suggesting substantial areas of agreement between critical theorists and ethnographers, particularly in their suspicions of a presentation of accounting systems as providers of neutral data for rational decision making, and in their emphasis on the social construction of meaning, and the roles of interpretation, language and culture (Jönsson & Macintosh, 1994, pp. 4.6.26–4.6.27). They go on to suggest that the mutually supportive role of critical and ethnographic research may be for critical work to supply ethnographers with conscious theoretical priors, and for ethnographers to produce accounts from the field that may help challenge, change, and otherwise develop such theories.

I believe that this is effectively the kind of work that I have conducted here in addressing the operationalisation of efficiency auditing. I started with Miller and Rose's theoretical framework regarding technologies, which in turn is informed by specific dimensions of Foucault's work, especially his proposed relation between ideas and practices. I mapped out the operation of efficiency auditing, and the specific practices and bodies of knowledge that allowed this work to be conducted. My ethnography benefited from its theoretical groundings, and ultimately, through ethnographic exposure, my understanding of theory changed as my appreciation of the broader constitution of technologies increased. I developed my own reconfigured views of the technological more fully in describing auditors' discursive understandings of their work. But in concluding I would note that in the absence of more mechanical or routinised technologies, it became clear that generally framed practitioner knowledge, and the normative benchmarks and agreement that this involved, was itself technological in that it was this normative background that

enabled practitioners to conduct their work. I see this position as one of the main theoretical elaborations resulting from my fieldwork.

In addition to offering re-consideration of the nature of the technological, this work, like my earlier analysis of the development of efficiency auditing in Alberta, can be understood as an effort to understand auditing in its social context. It addresses the emergent nature of audit practices, the problematic nature of auditors' claims to knowledge and professional jurisdiction, and the manner in which practitioners represent their knowledge both amongst themselves, and to various other constituencies (Power, 1994b).

While an analysis of the role of auditing is itself significant, I would also point to the importance of questioning such over-arching concepts as 'efficiency.' Efficiency has increasingly been a concern in the performance of governments, and has been accompanied by the export of private sector techniques to the public sector (Broadbent & Guthrie, 1992; Cochrane, 1993; Ezzamel & Willmott, 1993; Humphrey et al., 1993; Parker & Guthrie, forthcoming). The pursuit of efficiency has implicated various forms of accounting and auditing in an explicitly economic view of government activities, rather than in terms of justice, nationalism or other approaches (Hopwood, 1984). Yet there are underlying problems in thinking of efficiency, which in the range of techniques that are invoked in its name, seems to be a rather malleable concept. As Hopwood asks,

Just what is efficiency? At best it is a concept that can be subject to a wide variety of interpretations. Although it is possible to change the world in the name of efficiency, there are very real problems in relating the generality of the concept to the specific operational procedures, let alone their specific consequences in organizations, that can flow from its articulation and use. Of course that is a very positive factor in political discourse. (Hopwood, 1988a, p.6).

In addressing the operationalisation of efficiency auditing, I have traced the ways in which a group of auditors, charged by law to form opinions on efficiency in government, came to address these responsibilities. I have pointed to the normative guides that auditors developed and used in formulating their

response, and to the absence of formal models of efficiency or generalisable models of calculation. These methods did not produce a precise categorisation of efficiency, and were instead understood by auditors as a means to mobilise change in administration. Yet they did come to represent efficiency, as the result of a series of social processes. Views of efficiency were framed by practitioner knowledge and discourse. Audit work involved a collective agreement regarding how efficiency should be approached, and how it should effectively be constructed. The net effect of the auditors' work was a social relativisation of efficiency, and a development of efficiency reports that were responsive to discursive climates rather than more formal economic models. In important senses, report material was conditioned on auditors' tasks, beliefs, preferences and knowledge.

Though auditors' work did not involve the kinds of calculations or deliberations that an economist might prefer, the widespread acceptance of the authority of reports made by Auditors General suggests that this activity was nevertheless legitimate. It framed public, political and administrative conceptions as to what was or was not efficient in government, and so influenced ideas both of government activities, and of efficiency itself. Earlier work questioned the basis of efficiency auditing, casting doubt on its objectivity, the universality of its rules, etc. (McSweeney & Sherer, 1990). Of course, such arguments are predicated on a general appreciation of economic rationalities, and an expectation that efficiency auditors *should* work within them. What my research shows is that there are other ways of thinking of, and approaching, efficiency, and that these undermine a sense of the univocality of such concepts. As Hopwood argued, efficiency, "is a concept that can be subject to a wide variety of interpretations" (Hopwood, 1988a, p.6). That, in many ways, is the point that is underlined by my ethnographic inquiries. Efficiency auditors may not analyse 'efficiency' through the more calculative, economic approaches that we might expect, but their work is accepted. It presents a view of efficiency that influences action and frames debate, and is as a result socially significant. In response to this, appreciations of efficiency may need to be reconfigured, such that social constructions of efficiency are treated as seriously as more formally rational conceptions of efficiency.

Efficiency is not the only concept readdressed through a realisation of its multiple potentialities. In recent work, Corvellec (1994) analyses 'performance' from a literary standpoint, pointing to the difficulties of translating the meaning of performance from one language to another. Just as ideas of efficiency may diverge from the kind of efficiency that is in action in auditing practice, so ideas of performance seem to be specific to given languages, times and other dimensions of semantic networks. The effect of a questioning and reconsideration of terms such as efficiency or performance, is to undermine the modernist attractions of much modern managerial, accounting and auditing knowledge. I do not believe that this questioning is fatal to the usefulness of such conceptions as a motivation for action—Hopwood's (1984; 1988c) early questioning of efficiency should make it clear that changed academic understandings alone are not enough to do this. But I do think that a more socially sophisticated understanding of such ideas may lead to their being used with more reticence, self-awareness and care. The analysis of such ideas is an ongoing project, that I intend to pursue in future examination of accounting and auditing practice, and that I expect will increasingly develop as critical accounting research expands to consider the mechanics of practice. For now, one of the contributions of this work is in questioning the nature of efficiency, and in describing how one set of auditors developed 'efficiency' reports. Analysis of how ideas of efficiency are used in the world offers one way developing a broader appreciation of the operation of such terms.

This work makes other empirical and theoretical contributions; as I earlier argued, most previous examinations of accounting and auditing practices have acted at the level of the programmatic, considering plans, proposals and other statements accessible by largely documentary means (cf. Burchell et al., 1985; Miller & O'Leary, 1987). Ethnographic research has rarely been conducted as part of this examination (Jönsson & Macintosh, 1994; Tomkins & Groves, 1983), an omission that limits the extent to which the mechanics of activity can be discovered and analysed. However, there seems to be an increasing interest in fieldwork of various kinds, as evidenced by Parker's (1994) use of grounded theory in examining planning processes, Parker & Roffey's (1994) exposition of

grounded theoretical methods, and Pentland's recent field study of attest auditors at work (1993).

It is important to realise that the images of the practice of accountancy that are conveyed in academic literature are in many ways misleading. Accountants have historically been involved in much more than can be examined through study of the structuring of agency relations, the economic significance of accounting data or events for capital markets, or the exploration of psychological influences on accountants' decision making (Jones, 1981). One of the most enduring features of the accountancy profession has been its apparent eagerness to export its professional knowledge into new arenas, and to generate new business. Accountancy has long been an entrepreneurial profession, keen to be of use (Radcliffe et al., 1994). Though its earlier involvements in auctioneering, debt collecting and the like may have withered, it is important to attend to the profession's diverse involvements. While they may be effaced in conventional accounting studies, the fact of their existence remains. These neglected areas are often significant, both commercially as a source of revenue for accountants, and socially, in terms of changed relations with, and conceptions of, the accounting profession. This study addresses one such under-represented area of modern accountancy practice, and attempts to understand its history and operation.

Though many areas of accountancy practice have not been addressed in accounting research, I would argue that government auditing issues are among the most glaring and significant omissions. In modern, industrialised countries governments typically control around half of all economic activity. As members of Canadian and other societies, government operations are of vital importance to us all; they are surely 'material,' and worthy of serious examination. Yet they barely register as an interest among accounting academics.<sup>4</sup>

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<sup>4</sup> I have already addressed the scarcity of government auditing issues in the literature. One prosaic but telling indicator is provided in the self-reporting of research interests that is made by members of the Canadian Academic Accounting Association in describing themselves to their peers in the Association's directory of members (The Canadian Academic Accounting Association, 1994). In 1994 the Association has some 773 members, of whom 39 (or 5%) express an interest in government issues; by contrast, 'financial,' a euphemism which covers



Research is an activity that presents numerous ethical issues, many of the more important of which are ignored in formal ethical codes (University of Alberta, 1992). Among these is an obligation to carefully consider the subject of research activity, and to attend to socially significant issues. A concern to attend to issues of social significance involves a recognition that academics occupy a privileged place in society in that they are given resources, time and freedom that allows for a deliberation and analysis that is not possible in other positions. These resources are accompanied by ethical responsibilities, including a duty of stewardship—duties that are themselves brought into sharp relief by the majority of academics being public employees.

In addressing government auditing issues I consciously address matters that relate to the well being of Canadian residents, most of whom do not enjoy similar opportunities for inquiry and examination. The immediate benefit of research is difficult to quantify or estimate (and authors are themselves perhaps not the best judges of their work). But this work is framed with an interest in issues that fundamentally influence the well being of others, who, eventually, cover research costs. Efforts to understand the ways in which government resources are administered are socially important because of the central role of modern government in society. An attempt to analyse and understand the role of auditing in the administration and review of government resources is one way of understanding the influence of accountancy in our lives (Burchell et al., 1985; Hopwood, 1988b).

### C. LIMITATIONS & SUGGESTIONS FOR FURTHER RESEARCH

Just as it is customary for dissertations to include authors' analyses of the contributions that they have made, it is customary for them to suggest the

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much mainstream research, attracts 347 expressions of interest. Only internal audit attracts a lower level of interest, at 37 responses (Teall, 1994).

limitations of their own work and suggest other avenues of inquiry (Phillips, 1987). Whether they are best qualified to do this is unclear, especially if one believes that the ultimate trustworthiness of work is established through academic discourse (Mishler, 1990). Nevertheless, I follow this convention here; all work involves drawbacks of various kinds, I now point to some potential problems that I see in my own, and elaborate a number of potential future projects.

The analysis in this dissertation has drawn substantially from Miller and Rose's work in examining government, and from Foucault's work. As discussed in examining this theoretical material, it involves a focus on how things happen, rather than who benefits. The emphasis is on the mechanics of activity, with less attention to its consequences. This emphasis allows for a more detailed understanding of practices and their development, but it does omit a more directed analysis concerning consequences and outcomes. In some ways this gets to the issue of what is, or is not, 'critical' accounting research. My own preference is to analyse the taken for granted, to question ideas and practices, and to understand what is involved in received wisdom. Others, especially those influenced by Marxist analysis, are more concerned with material consequences, with flows of economic benefits and advantage (Tinker et al., 1982). While some may believe that this is the only form of analysis that may truly be termed critical (Neimark, 1990), my own misgivings regarding the stability, attribution or discernment of self interest (Hindess, 1988) lead me away from such a perspective. The question of outcomes nevertheless remains, and is one that Foucauldian research is largely unequipped for. Instead, Foucauldian research involves a re-orientation of problems towards the means by which events occur, and the conditions by which thoughts, statements and activities are made possible. Of course, this is one of the major attractions of such research; but as with other attractions, it is accompanied by drawbacks.

I have argued that the historical research that I present here in analysing the development of an efficiency auditing mandate is detailed, and benefits from access to an unusually rich collection of primary sources. Like other forms of historical inquiry, the work involves a reliance on texts, in this case supported by interviews. Texts offer a number of potential interpretations, and interviews,

especially those conducted some twenty years after the events which they concern, provide opportunities for retrospective interpretation of events, rather than an assessment of events in the context of their time (Previts & Bricker, 1994; Previts et al., 1990). In a sense these sources are limited, but they are all that is available. It is difficult to construct histories, and one must guard against the dangers of present-mindedness, the insertion of contemporary constructions and concerns into prior events. But these are problems that concern history in general, rather than this project alone (Previts et al., 1990).

In framing this study I thought for some time about the jurisdiction in which I would study auditing change. Through a confluence of research access, and an interest in using an individual study as a site for inquiry into potentially wider social processes involved in the development and operationalisation of efficiency auditing, I eventually settled on the province of Alberta. My idea was that analysis of events in Alberta could illuminate other cases. I believe that this has generally been achieved, although my interest in the dimensions of local discourse in both historical and ethnographic research suggests that there are limits to which events in other jurisdictions can be understood through extrapolation from Alberta. There is an underlying tension in the analysis of discourse, whether historical or contemporary, between an interest in generalisation, and a detailed unpacking of discursive structures and influences. Social scientists are more generally interested in learning about substance, making theoretical claims through method, and learning about the general through analysis of the particular (Kohler Riessman, 1993, p. 70). To introduce variation, or to enable comparison, it may be desirable to produce more cases. The theoretical elaborations that I make in this dissertation may be understood as part of a tradition of generating theory from close observation and small numbers of cases (Kohler Riessman, 1993), but further inquiries into these issues, with different empirical settings, could provide further empirical and theoretical contributions, and address the transferability and generalisability of my own.

In choosing sites for further empirical inquiry, it seems me that variation could be introduced along a number of dimensions. One of my reservations in researching events in Alberta was that the province is so small in demographic

terms, having a population of some 2 $\frac{1}{2}$  million (Office of the Auditor General of Alberta, 1992a, p. 122). Having been used to central parliamentary government, as in the United Kingdom, the provincial government seemed to be almost like a county council or some other local government. However, Canada's parliamentary institutions have developed along very different lines, with substantial powers being vested in provincial governments, including the provision of most of the services that citizens use, including health, education, policing, etc. Provincial governments arguably have more daily influence in citizens' lives than does the Federal Government of Canada, and provinces are themselves the source of considerable local identity.

Nevertheless, the government of Alberta is small, relatively speaking. One of the most pervasively significant dimensions of quantitative research in both accounting and organisational analysis has been size, which is at least suggestive that a larger government might involve different circumstances and considerations. Other dimensions, such as varying history and culture, may introduce further variation that might enhance understanding of efficiency auditing.

I would suggest that other examples of efficiency auditing could develop and extend the present analysis. In my own work I face a crossroads, with decisions pending as to which future inquiries I should pursue. While I continue to be interested in government auditing, and in the generation of fresh insights in this area, I would point to the lack of 'new' accounting research regarding the mechanics of attest auditing. Pentland (1993) offers an initial field study, albeit with rather minimal field exposure provided by ten days' observation and a number of interviews (Pentland, 1993, pp. 608–609). The kind of theoretically informed ethnography that Jönsson and Macintosh (1994) suggest could be extended to attest auditing.

In terms of my own ethnography I would point to a limitation in scope. While I accompanied auditors on fieldwork (where it occurred), and hence witnessed interactions between auditors and the staff of audited departments, I did not interview 'auditees' to assess their own understandings of efficiency auditing. One reason for this was the sensitivity of the audits studied, and the rather tense political climate in which they occurred, at a time of significant

budgetary reductions. My presence at fieldwork meetings in client departments was explained in terms of my studying the work of the office, rather than that of departments. Interviews with auditees might have caused some concern in client departments, suggesting that their own activities were the subject of inquiry. In any event, I would point to difficulties in establishing who the 'auditees' actually are. While auditors constructed 'client departments' as auditees, others might point to ministerial or government responsibilities. Varying conceptions of this role may develop in different jurisdictions, as auditing models drawn from private sector attest auditing are melded to public sector circumstance.

Throughout this dissertation, I have referred to efficiency auditing or systems auditing, a usage that is mindful of the language of the Office of the Auditor General, in which matters of economy and efficiency, which appeared in their mandate, were considered concurrently, without elaborate definition. While such definitions can be produced in committees, reports, etc., (e.g. PSAAC, 1988; The Canadian Comprehensive Auditing Foundation, 1985) it would be interesting to see if these formal definitions are themselves incorporated into other practitioners' discourse, influencing activity in the field. Other jurisdictions, such as the Federal Government of Canada, require Auditors General to express opinions on the economy, efficiency and *effectiveness* of government operations, a requirement that could be associated with varying local discourse and practice.

The internal organisation of audit offices, together with the types of professionals that are involved in efficiency auditing, could also influence practice. While in Alberta the Office of the Auditor General was dominated by chartered accountancy, with most staff being qualified accountants, different traditions prevail at other organisations, including the Auditor General of Canada. The consequences of varying collections of professional expertise may be profound, as may be the involvement of other professionals in performing 'auditing,' a practice that has come to be seen as being at the core of accounting practice.

There are limitations to this study, and there are other studies that can be undertaken; but as a personal project I found that this work answered many of



my initial questions regarding what seemed to be a surprising expansion of auditing practice, I have addressed the specific circumstances that fostered the development of efficiency auditing in one jurisdiction, and I have examined the operationalisation of efficiency auditing through an early example of fieldwork. Ultimately the academic value of this work is for others to decide, through publication, dissemination and debate. For myself, I found that it fulfilled my curiosity about these issues.

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